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How Much Inflation?

Economist Sees Enormously Inflated Price of Labor Adjusted Only By Commodity Price Rise—Feels Foreigners May Cash In Dollar Balances And Bond Holdings If Tendency Of Prices To Rise Continues, Particularly If Accompanied By Any Signs Of A Devaluation Trend

By LEWIS H. HANEY*

Professor of Economics, New York University
Author Of "Value and Distribution"

Lewis H. Haney

The chief point in defining inflation, I think, is to understand that it most emphatically is **not** a rise in prices—or at least commodity prices.

Prices can rise without any inflation. Naturally, they rise in cases of shortage or in cases of rapidly increasing demand for goods. Certainly anyone who saw commodity prices decline through the inflationary period of 1928-29 could not define inflation in terms of

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*An address made by Dr. Haney on March 30, 1944, at a dinner meeting of the Taxation and Price Division of the New York chapter of the American Statistical Association held at the Town Hall Club, New York City.

(Continued on page 1421)

Statistical Director Sees Inflationary Tendencies Rising, Despite Rationing And Price Controls — Estimates Excess Purchasing Power At About $43 Billions —Holds That If Attempts To Liberalize Wage Stabilization Are Successful, A Fostering Of A Price Spiral Will Result

By R. A. SAYRE*

Director, Division of Labor Statistics, National Industrial Conference Board

R. A. Sayre

The subject assigned for this evening, "How Much Inflation?" is a most provocative one—seeming to ask, on the one hand, how far have we gone on the inflation road; and, on the other, how far do we still have to go? While anything I have to say represents my own views, and as such does not necessarily reflect the views of The Conference Board, I shall adhere to Conference Board tradition and not forecast.

Of course, we are having inflation if mounting prices are an indication. It is interesting, therefore, to make some appraisal of where we stand. The position of the cost of living and wages (in which I have a particular interest), and their relation to each other, are important and af-

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*Address made at the meeting of the Taxation and Price Division of the New York Chapter of the American Statistical Association at the Town Hall Club, New York, March 30, 1944.

(Continued on page 1422)

A Post-War Tax Program

By ALVIN H. HANSEN*

In discussing a post-war tax program—Federal, State, and local—it would seem desirable first of all to consider the probable magnitude of post-war governmental budgets and the role they will play in the functioning of the economy.

Alvin H. Hansen

I believe it to be true that the prevailing view among economists and fiscal authorities in England, the Scandinavian countries, Canada, and the United States is that the Government budget should, on its expenditure side (and as far as feasible on the tax side) serve as a compensatory device to offset fluctuations in the private sector of the economy.

A high sense of social responsibility and prudence in public finance demands that Government expenditures, taxation, and borrowing be managed so as to promote economic stability and high levels of income and employment. Fiscal policy is, of course, only one of many measures which can contribute to this end. Labor relations, and wage and price policies are no less important. Moreover, we must work incessantly to achieve efficiency in Government administration. True economy does not mean blind slashing of expenditures; it does mean efficient use of public funds, careful administration to eliminate waste, and thorough planning so that public expenditures may be made on useful and productive projects of a character which will increase the efficiency and well-

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*Dr. Hansen is special adviser to the Board of Governors of the Federal Reserve System, and Professor of Economics, Harvard University.—Editor.

(Continued on page 1415)

Price Control During The Reconversion Period

DR. IVAN WRIGHT

Professor of Economics, Brooklyn College

Executive Secretary Economists' Committee On Reconversion Problems

Maintenance of a measure of price control appears likely during the reconversion period, regardless of the party in power. Continuance of some controls over commodity prices has been advocated not only in the Baruch-Hancock report and by the Truman Committee, but also by industrialists and retailers.

Dr. Ivan Wright

Price controls can play an important role during the reconversion period to protect both consumers and producers. Demand for many consumer goods during that period will far outrun the supply because of the existing great backlog of deferred purchases and the time that will be required to resume capacity production. If all price controls were to be removed, as happened after

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Taxation---Today's Burden, Tomorrow's Prospect

Bank Official Holds There Is Considerable Evidence To Show That Corporate And High Income Individual Taxes Are Up To Or Beyond Point Of Maximum Return To The Government—Disturbed At Reluctance To Permit Business To Accumulate Proper Reserves And A Surplus Of Earnings In Period Of High Activity—Observes That Consumer And Low Income Groups Here Are Treated Far More Gently By The Tax Gatherer Than In Canada And England

By JOSEPH STAGG LAWRENCE*
Vice-President, Empire Trust Company

Jos. Stagg Lawrence

This is a serious subject. In order to outline the problem, it will be necessary to use some figures. These figures will show that there is considerable misinformation regarding the degree to which citizens and corporations in this country are currently taxed. This is due partly to the fact that figures commonly used relate to the years 1941 or 1942 and are not current. In view of the fact that the tax burden has increased very rapidly, the omission of the current period in making such comparisons distorts the picture.

Other countries, such as Canada and England, with which comparisons are made, have been in the war 2½ years longer than the U. S. Their taxes had already reached maximum levels when comparison was made with American taxes in process of drastic upward adjustment. The tax figures used are total taxes, that is, Federal, State and local taxes. The totals for Canada and Great Britain are likewise the sum of central and local government taxes.

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*An address delivered by Mr. Lawrence before a luncheon meeting of the New York Society of Security Analysts held in New York City on March 27, 1944.

(Continued on page 1411)

Russians Adjourn Monetary Talks

A Russian monetary delegation has concluded two months of technical conferences with Treasury experts on plans for post-war currency stabilization, it was reported in Associated Press accounts from Washington on April 4, which also stated that it is expected that decisions will be reached soon on plans for an international monetary conference in this country. From these advices, as given in the New York "Journal of Commerce" we also quote:

Nikolai S. Chechulin headed the Russian delegation, which is now drafting its report to the Kremlin.

"It was learned at the Treasury today that a further U. S.-British get-together on the stabilization problem, expected to result in agreement on a joint American-British plan,, is impending.

"A Treasury spokesman said the Russians might request one more session after receiving a reply to their report to Moscow, and indicated that, with those meetings over, the basis would be laid for the proposed general international conference.

An earlier reference to the planned conference appeared in our issue of March 9, page 998.

New Laird Co. Partner

Laird & Co., members of the New York Stock Exchange, will admit E. Carroll Stollenwerck to limited partnership in the firm, effective April 13. Mr. Stollenwerck will make his headquarters at the firm's New York office at 61 Broadway.

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Paine, Webber Firm Admits Four Partners

Four new partners have been admitted into Paine, Webber, Jackson & Curtis, members of the New York Stock Exchange, effective April 1. They are: Robert W. MacArthur, with headquarters in the firm's Boston office at 24 Federal Street; John W. Corrington, in the Chicago office at 209 South La Salle Street; D. W. Chamberlin, in Cleveland (Union Commerce Building), and William Wegner, in Milwaukee (605 North Broadway).

Mr. MacArthur started with the firm's Boston office in 1926 as assistant in the bond statistical department. Since then, his activities have been broadened to include almost all phases of the brokerage and investment banking business.

Mr. Corrington, a graduate of the University of Illinois and also the Harvard Graduate School of Business Administration, has been active in Chicago financial circles since 1924. He joined the present firm in 1932.

Mr. Chamberlin, a member of the Cleveland Chamber of Commerce, has been resident manager of the firm's office in that city since 1929.

Mr. Wegner became associated with the firm in 1907. His connection with the firm has been uninterrupted except for a period of military service during the last war. Since 1939 he has been comanager of the Milwaukee office.

Admission of these four new partners was previously reported in the Chronicle of March 23.

L. G. Hunt In Dept. Of Harriman Ripley

Leonard G. Hunt has become associated with the Corporate Buying Department of Harriman Ripley, Inc., 63 Wall Street, New York City. Mr. Hunt was formerly connected with the armor plate division of Standard Steel Spring Co., and prior thereto was active in the investment banking business. He is a graduate of the University of Illinois where he specialized in industrial administration.

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Current Results Of Poll On 5% Mark-Up Policy

On March 16, 1944, Ralph Chapman, Chairman of the Board of the National Association of Securities Dealers, addressed the Central States Group of the Investment Bankers Association at Chicago. Speaking of the 5% mark-up policy promulgated by the National Association of Securities Dealers last October, he said that the policy had been "accepted as a forward step by a large majority of the organization members." He added, "a small segment of our business is still opposed, and, while I do not doubt the sincerity of some of them, many of them are misguided or misinformed, and some are just unwilling to be convinced of the soundness of this policy."

Less than a week later, on March 22, 1944, Albert E. Van Court, Chairman of District No. 2 (California) of the NASD, circularized the NASD membership of that district and said in his letter:

> "Your Chairman and Secretary have recently returned from meetings in New York at which there were present Chairmen and Secretaries of the 14 districts into which the Association is divided. The Governors' letter, dated Oct. 25, 1943, outlining the mark-up philosophy of the majority of the Association's membership, was discussed in much detail and it appeared from these discussions that it had the universal approval of a large majority of the members of the Association throughout each of the 48 States of the Union."

We were considerably intrigued by both these statements. We wondered why, if these assertions were true, the NASD did not submit the "5% spread philosophy" to the franchise of its membership. Why, if there was such widespread approval, did the Board of Governors violate the

(Continued on page 1419)

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Opposes Recap Plan Of United Gas Corporation

Louis Lober, of Lober Brothers & Co., 30 Broad Street, New York City, members of the New York Stock Exchange, has prepared a memorandum outlining his reasons for opposing the "inequitable distribution of new common stock as contemplated in the proposed plan of United Gas Corporation dated March 1, 1944." Copies of this memonrandum, which also contains Mr. Lober's suggestions as to a distribution of stock, more equitable, in his opinion, may be had from Lober Brothers & Co. upon request.

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A Proposed Spending Tax

By PROFESSOR IRVING FISHER*

Professor Fisher Advocates Taxation Of Only That Part Of Income Which Is Spent And Not The Other Part Which Is Saved—Urges Abolition Of All Taxes On Corporations Except Nominal One—Sees Sales Of Government Securities To Banks Creating "Invisible Greenbacks."

Prof. Irving Fisher

I am of the opinion that where a law is economically sound it will in general be simple from a legal standpoint; and as I have followed the problems it seems to me that this applies in the present case. I believe that our tax laws are economically unsound; and it is because of the fact they are economically unsound that you have these legal tangles that have been discussed tonight. That is why we find, in counting up the words in our legislation and in our judicial decisions in the law courts which theoretically you lawyers need to know in order to know all about our income taxes in the United States, the volume of words amounts to 30 million. You would have to read the New Testament 200 times in order to cover the same ground. That stands for legal difficulties, legis-

(Continued on page 1422)

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*An address made in New York City on March 23, 1944, by Dr. Fisher before the Federal Bar Tax Law Institute under the auspices of the Federal Bar Associations of New York, New Jersey and Connecticut. Dr. Fisher is Professor Emeritus, Yale University.

Congress Must Decide: Baruch

Final decisions on the recommendations contained in the Baruch-Hancock war and post-war adjustment report are subject to the judgment of Congress, it was stated by Bernard M. Baruch, in a letter addressed to the Editor of the "Chronicle" under date of March 21 last, the full text of which follows:

Bernard M. Baruch

"It was with great satisfaction that I noted the generous amount of space given in your publication of Feb. 24th, to the details of our report on war and post-war adjustments.

"Your most exhaustive analysis of the report, coupled with your sane reasoning regarding a desire for cooperation between the Executive and Congress, is appreciated by me as one of the sponsors.

"You rightfully emphasize, and doubtless in the interest of humanity, what should be apparent to anyone who has given the report only a casual study—that is, that Congress is in no way hobbled. It is still a free agent to deal with the report as it feels disposed. It may sound the policy to be followed. In the legislation which must be enacted to make the report effective, it can impose its own views and restraints. It can modify anything we have recommended. In short, there is no reason for our lawmakers to take an uppish attitude. Let them consider the report on its merits and decide to what extent they will go along with Mr. Hancock and myself.

"With appreciation, I am
"Sincerely yours,
"BERNARD M. BARUCH."

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Raymond F. Juechter will become a partner in D. H. Ellis & Co., 14 Wall Street, New York City, members of the New York Stock Exchange, on April 13.

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American Gas & Power Company	Deb.	3-5	due 1953
American Gas & Power Company	Deb.	3.6-6	due 1953
Central States Power & Light Corp.	Deb.	5	due 1945
Consolidated Elec. & Gas Co.	Coll. "A"	6	due 1962
Pennsylvania Gas & Electric Corp.	Deb.	6	due 1976
Public Utilities Consolidated Corp.	1st	5½	due 1948
Seattle Gas Company	1st & Ref.	5	due 1954
South Bay Consol. Water Company	1st & Ref.	5	due 1950
Southern Cities Utilities Co.	1st Coll.	5	due 1958
Telephone Bond and Share Co.	Deb.	5	due 1958

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OUR REPORTER'S REPORT

After several weeks of literally "carrying coals to Newcastle," the investment banking fraternity appeared content to take time out for a reappraisal of the general situation.

Ever since the close of the Fourth War Loan Drive there has been, according to some in the business, a great deal of time and energy spent in the forming of groups to bid for prospective new issues.

It is true that several sizable offerings and a goodly smattering of smaller ones have reached market in the interval, but by and large, as this observer sees it, underwriters have been engaged chiefly in organizing groups, or so it now seems, for "probabilities and possibilities."

Well, the process, it develops, finally reached the stage where things began to get a bit confused and some firms began to wonder just where they stood if this potential issue or that one should materialize.

For the time being at least, there seems to have developed a lull in such activity, and presumably something in the way of recapitulation is underway to set the record straight where such action may have become necessary.

Meanwhile bankers are confident that further good business will come into the market before the road is cleared once more for the Treasury's next drive.

Celanese Preferred Next

The next major undertaking on the new issue calendar is that of the Celanese Corp. of America, involving 350,000 shares of no par value $4.50 first preferred stock, having a stated value of $100 a share and 139,622 shares of additional no par common stock.

That offering is now regarded as tentatively scheduled for the early part of next week, probably Monday. Present common shareholders will be offered the right to subscribe for the new junior shares in the ratio of one share for each ten shares now held.

Of the overall proceeds $23,662,290 will be applied to the redemption of 164,818 shares of 7% cumulative prior preferred and 37,710 shares of 5% cumulative prior preferred not outstanding. The balance would be applied to funds for use in financing a program of plant expansion.

Consolidated Cigar

The Street was looking forward to public offering, either today or tomorrow, of 40,000 shares of cumulative preferred stock, without par value, of the Consolidated Cigar Corp.

Among dealers discussion indicated the offering price would be somewhere around 97½.

Proceeds would be used to finance the retirement of the company's 38,162 shares of outstanding 6½% cumulative prior preferred stock at $105 a share and accrued dividends.

Definitely on Schedule

Two public utility undertakings are looked upon as quite definitely on schedule for sale through competitive bidding within the next fortnight.

The first involves 55,000 shares of preferred of Atlantic City Electric Co., on which bids will be due next Monday with the bidder to set the dividend rate.

Second and larger issue is that of Louisiana Power & Light Co., involving $17,000,000 first mortgage, 30-year bonds upon which the bidder will name the coupon rate. Bids here are now tentatively scheduled for April 18.

Others in Sight

Several other issues were in registration with the Securities and Exchange Commission, but with nothing at the moment to indicate when bids will be sought.

These include Virginia Electric & Power Co.'s $24,500,000 of first and refunding bonds, series D 3½% due in 1974, together with 305,192 shares of $5 preferred stock to be sold as an outgrowth of projected acquisition of Virginia Public Service Co.

Meanwhile Public Service Co. of Oklahoma has in registration $6,600,000 first mortgage series A 3½s and $1,500,000 of 5% cumulative preferred, the latter to be exchanged for $6 preferred of Southwestern Light & Power, a subsidiary, on a pro rata basis.

Trading Markets:

NEW ENGLAND SECURITIES

Arlington Mills Common
Bangor Hydro Elec. Co. Common
Berkshire Fine Spinning Com.
Boston Wharf Co.
Boston Woven Hose Common
Collyer Insulated Wire Common
Dewey & Almy Chemical Com.
Dwight Manufacturing Co.
Eastern Util. Assoc. Cv. & Com.
First Boston Corp.
First National Bank of Boston
Goodall Worsted Common
Heywood-Wakefield
1st Pfd. & Com.
Massachusetts Pwr. & Lt. Pfd.
Massachusetts Util. Assoc. Pfd.
Nashawena Mills
National Shawmut Bank
New Eng. Pwr. Assn. 6% Pfd.
New Eng. P. S. $6 & $7 Plain
Nicholson File
Rhode Island Pub. Svc. $2 Pfd.
Rockland Light & Power Com.
Saco Lowell Shops Common
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Coburn & Middlebrook Opening NY Office

Coburn & Middlebrook, 49 Pearl Street, Hartford, Conn., are opening a New York office at 1 Wall Street. The firm acts as dealers in Connecticut and New York bank, insurance and industrial stocks and bonds and municipal, railroad and public utility stocks.

Borg-Warner Attractive

Van Alstyne, Noel & Co., 52 Wall Street, New York City, members of the New York Stock Exchange, have prepared a comprehensive analysis of the Borg-Warner Corporation in respect to their Automotive Products and Household Equipment. Copies of this analysis containing the reasons why Van Alstyne, Noel & Co. believes this situation offers excellent post-war possibilities may be had from the firm upon request.

Bulolo Interesting

Goodbody & Co., 115 Broadway, New York City, members of the New York Stock Exchange and other leading national exchanges, have prepared an interesting circular on Bulolo Gold Dredging. Copies of this circular may be had upon request from Goodbody & Co.

Gerald F. Kane Now With Luckhurst & Co.

Gerald F. Kane has joined the Trading Department of Luckhurst & Co., 60 Broad Street, New York City. Mr. Kane was formerly with J. Arthur Warner & Co., Peter P. McDermott & Co., and W. F. Thompson & Co.

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"Our Reporter On Governments"

By E. P. TEE

The details of the Fifth War Loan are now on the record and they make pleasant reading. . . . The campaign that gets under way June 12 and will run to July 8 should see the $16,000,000,000 goal reached and possibly surpassed by a comfortable margin. . . .

The Treasury has taken a realistic approach to this offering, profiting by the experience of the past and at the same time not sacrificing its major objective—which is the siphoning off of excess funds in the hands of the public. . . .

Setting the goal for individual subscriptions at $6,000,000,000 in the face of only $5,300,000,000, such orders in January and February is a demonstration of fortitude that deserves applause. . . . It means that there is to be increased efforts to reach the "little investors." . . . Although the amount of saving and investment by such people is small individually, the aggregate is tremendous. . . .

To reach these millions is a tough job, but the Treasury plans to go at it stronger than ever, if the new objective means anything. . . . This calls for more individual solicitation, more volunteer workers, more advertising and publicity and a more closely-knit organization. . . .

But the War Finance Committees and their workers now have experience and "know-how" and at the same time larger numbers of people are becoming accustomed to buying Governments. . . .

Reaching the $6,000,000,000 goal will be a real chore, however, which means that it deserves the fullest efforts of every one. The funds are available, but they must be pried loose. . . .

OTHER ISSUES ATTRACTIVE

As for the $10,000,000,000 quota for other non-banking investors, this is as good as raised and on the Treasury's books. . . . The Treasury has taken a realistic approach that warrants such optimism. . . .

First, it has announced its "basket" of issues over two full months ahead of the drive opening—the longest advance notice ever given. This will allow the large investors plenty of time to arrange portfolios to accommodate the new drive issues and at the same time permit the accumulation of cash resources from other sources between now and June 26, so that corporations, savings banks and insurance companies on that date should be well loaded with funds. . . .

More important still is the expansion of appeal by the Treasury for the drive issues among the large investors. . . . This has been accomplished by inclusion of a 1¼% note issue, and by making three issues eligible for open market purchase by the commercial banks. . . .

This is a change in the right direction from the January drive, when every issue was ineligible, except the certificates and special subscriptions to cover savings deposits not in excess of $200,000. The same formula applies this time with respect to savings deposits, but the commercial banks can also buy the 1¼% notes, 2% bonds and certificates after the drive is over—which means in the open market. . . .

The commercial banks are the biggest single factor in the Government bond market and making the drive issues eligible for investment, after the campaign is over, assues a good, broad market for these securities, and hence a solid demand from the large buyers during the drive period. . . .

While the banks can be kept from direct Treasury purchases during the drive, they cannot be restrained from open market acquisitions. During the Fourth Loan period they took about $2,800,000,000 out of the market and last October about $1,700,000,000. They will undoubtedly find many of the Fifth War Loan issues attractive. . . .

NEW NOTES

The 1¼% note issue of 1947 appears slated to lead the Fifth War Loan in point of popularity. . . . This two years and eight months paper is a highly desirable security that will appeal particularly to the large corporations and the commercial banks. . . . The latter will be active in the open market once the drive is over. . . .

For the corporations the new 1¼s net a slightly better return than the series C Savings Notes and will doubtless be bought in place of the latter. . . . Corporations apparently have enough of the Savings Notes for use in payment of taxes as indicated by the turn-ins last month, which aggregated only $300,000,000 more than a year ago despite the larger dollar volume outstanding. . . .

For the commercial banks, the new note is a natural. . . . First, it has a fixed maturity. . . . Of more importance is the fact that the maturity schedule of the Treasury is pretty thin for 1947, with only two small, partially exempt issues reaching first call date and the $2,700,000,000 note issue sold last September coming due. . . .

BANK POLICY

The banks will probably use this occasion to catch the premium of 24/32nds on the 1½% notes due Dec. 15, 1946, and the 16/32nds premium on the 1½% notes of Sept. 15, 1947. . . . Reinvestment of the proceeds of such sales in the new March 15, 1947, note is to be expected. . . .

Don't look for any big premium on this note issue, dealers say. . . . It is priced right on the market, and unless the whole list moves to a higher level is not expected to do much, although it should be an active trader. . . .

Those who discount the likelihood of a premium point to the yield on the December, 1946, note of 1.20% and that of the September, 1947, note of 1.32%. . . . The difference is 12 basis points and the new issue maturity falls one-third the way between or for about a 1.24% yield. . . . This leaves little room for any premium. . . . Broad distribution and an active demand may change that, however. . . .

CERTIFICATES

The certificates are to be dated June 26 and will mature June 1, 1945, which means that the issue is just short of a year. . . . This will add to the normal attractiveness of this paper. . . .

The Government bond market this week reflected the general satisfaction with the Treasury's program. Dealers reported an active demand, following the lethargy of the past 10 days with certificates especially sought. . . . The 2¼% of 1959/56 sold in the Fourth War Loan drive reached their best price since issuance. . . . The tax-exempts also were better. . . . While the intermediate 2% were strong. . . .

All in all, the Treasury's announcement has cleared the atmosphere of rumors and speculation and presented dealers and the big buyers with ample time to make the shifts needed to insure a heavy subscription.

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STANY Rail Forum To Be Held April 14th

The first of a series of open forums, covering problems relating to securities and sponsored by The Security Traders Association of New York, Inc., for its members and guests, will be held on April 14, at 4:30 p.m. at the New York Curb Exchange, Board of Governors Room, according to Richard F. Abbe, General Chairman of the Committee. William Pflugfelder, of Pflugfelder, Bampton & Rust, Chairman of the Railroad Forum, will be in charge of the first meeting at which Arthur Knies of Vilas & Hickey, will be the principal speaker and will discuss current events and their possible effect on the future price of railroad securities.

Other members of the Committee and the Forums of which they have charge are: Public Utility—Chairman Harry Arnold, of Paine, Webber, Jackson & Curtis— Industrial—Chairman Thomas Larkin, of Goodbody & Co.; General Topics — Chairman John Kassebaum, of Ingalls & Snyder.

Guido Hoelz Now With Security Adjustment

BROOKLYN, N. Y.—Security Adjustment Corp., 16 Court St., announces that Guido Hoelz has become associated with them as economist in charge of research. He was formerly with the New York Trust Co. in the estate and trust accounting department, and for 11 years was with the savings and life insurance departments in the East New York Savings Bank.

Attractive Situations

Ward & Co., 120 Broadway, New York City, have prepared circulars on several situations which currently offer attractive possibilities, the firm believes. Copies of these circulars, on the following issues, may be had from Ward & Co. upon request:

Du Mont Laboratories "A"; Merchants Distilling; Crowell-Collier Publishing; P. R. Mallory; General Instrument; Long Bell Lumber Co.; Great American Industries; Mid-Continent Airlines; Massachusetts Power & Light $2 preferred; Majestic Radio; Magnavox Corp.; Brockway Motors; Consolidated Dearborn; National Airlines; Chicago and Southern Airlines; American Export Airlines.

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Public Utility Securities

The Public Power Issue In The Northwest

Washington agencies are still interested in the extension of publicly-owned power resources, although the war has slowed down their activities somewhat. TVA is apparently having its wings clipped somewhat by Congress, and the move to expand public power has shifted from the south to the northwest, where hundreds of millions of dollars have already been expended to exploit hydro-electric power at Bonneville and Grand Coulee. Congress sometime ago was asked to appropriate $150,000,000 to finance the acquisition of private utility companies in Washington and Oregon, in order to provide further distributing facilities for Federal power and tie it in with existing systems. But Congress has thus far refused to enact the Bone Bill, just as it has refused to cooperate in the move for a huge power development at Niagara (connected with the St. Lawrence Seaway Project).

A number of local "PUDS" or Public Utility Districts have been formed in the State of Washington (probably with Federal encouragement) with the avowed object of purchasing portions of the plant of Puget Sound Power & Light Company, one of the principal operating companies in that region. A number of these districts have brought condemnation proceedings against Puget Sound with respect to local parts of the property which they wished to acquire, but the juries which heard these cases have "awarded" the company property valuations substantially in excess of those which the PUDS desired or could finance. Thus as President McLaughlin of Puget Sound has phrased it, "PUDS are duds". In general the juries have held that the local properties could only be purchased at reproduction cost less depreciation, and that the company should also be compensated for other system loss (severence damages).

There is also another facet to the public power issue in the State. In the City of Seattle the electric business is shared by the Municipal lighting plant and the Puget Sound plant. The company's franchise expires in 1952, and the Seattle Council recently indicated that it planned at that time to take over the company's plant. Obviously, the present members of the Council may no longer be in power eight years from now, so that this statement did not carry much legal weight.

More recently the Bonneville Power Administrator wrote to the directors of Puget Sound stating that the "PUDS", the City of Seattle and Bonneville are jointly interested in acquiring all the electric properties of Puget Sound, and that the Administrator would arrange for a purchase at $90,000,000. This price would be equivalent to about $10 per share on the common stock, and the announcement naturally had a disturbing effect on the market price of the stock which a short time ago sold above 13 and is currently around 12. In 1943 $2.21 a share was earned on the stock, and dividends are being paid at the indicated annual rate of $1.20, so that a price of 10 would reflect only about four-and-a-half times the earnings, and a yield of 12%—figures considerably out of line with comparable figures for other utility equity stocks.

President McLaughlin of Puget Sound in a press release has stated, "I cannot see that the Bonneville Administrator's letter constitutes a firm bid with cash available for the acquisition of the company's electric properties. On the contrary, it appears to be a mere exploration of the receptivity of the company to a firm bid when and if one can be procured at some indefinite time in the future." It also appears unlikely that the directors of Puget Sound would agree to any sale of the company's electric properties at an amount as low as $90,000,000. The company's plant is now carried on the books at about $106,000,000, which amount reflects a substantial write-down. Original cost of the property, less depreciation, is around $98,000,000 net, excluding intangibles.

The trend of public sentiment in the State of Washington is considered to be against extension of public ownership. However, the popular vote next November on so-called "Referendum No. 25," which would empower the PUDS to combine for action, will furnish a test of such sentiment.

Available On Request

Schenley Distillers Corporation have prepared an attractive booklet containing the first articles in the series they have been running in the "Financial Chronicle." Copies of this booklet may be had upon request by writing to Mark Merit, in care of Schenley Distillers Corporation, 350 Fifth Avenue, New York 1, N. Y.

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Personnel Items

(Special to The Financial Chronicle)

ATLANTA, GA. — **Richard A. Denny, H. L. Morris,** and **Homer Thompson** are with **Courts & Co.,** 11 Marietta Street.

(Special to The Financial Chronicle)

BOSTON, MASS.—**Theodore J. Vaitses** has become associated with **W. H. Bell & Co., Inc.,** 49 Federal Street. Mr. Vaitses was previously with Raymond & Co.

(Special to The Financial Chronicle)

BOSTON, MASS. — **Joseph W. Galligan** is now connected with **Carver & Co., Inc.,** 75 Federal Street. Mr. Galligan in the past was with Hunnewell & Co. and Wrenn Bros. & Co.

(Special to The Financial Chronicle)

BOSTON, MASS.—**John Burnham** is with **Laidlaw & Company,** 110 Franklin Street.

(Special to The Financial Chronicle)

BOSTON, MASS. — **Charles R. Bell** and **Joseph A. Drago** are affiliated with **Trust Funds, Inc.,** 80 Broad Street.

(Special to The Financial Chronicle)

BRIDGEPORT, CONN. — **John Bruce MacGregor Toombs** has become associated with **A. M. Kidder & Co.,** 940 Broad Street. Mr. Toombs was formerly manager of A. M. Kidder & Co.'s Meriden office. Recently he has been engaged in war work.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**Emery B. Curtis** is now with **J. S. Bache & Co.,** 135 South La Salle Street. Mr. Emory has recently been with the U. S. Government. In the past he was with Milbank Corporation and Farroll Brothers.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Harold E. Lawton** has joined the staff of **H. Hentz & Co.,** 120 South La Salle Street. Mr. Lawton formerly was with Hallgarten & Co.

(Special to The Financial Chronicle)

KANSAS CITY, MO.—**John P. Cox,** previously with B. C. Christopher & Co., is now with **Prescott, Wright, Snider Company,** 916 Baltimore Avenue.

(Special to The Financial Chronicle)

ST. LOUIS, MO.—**Albert Tucker** has been added to the staff of **I. M. Simon & Co.,** 315 North Fourth Street.

(Special to The Financial Chronicle)

SEATTLE, WASH. — **Walter C. Fisher** has become associated with **Hartley Rogers & Co.,** 1411 Fourth Avenue Building.

(Special to The Financial Chronicle)

SEATTLE, WASH.—**William H. Fix** is now affiliated with **Hughbanks, Inc.,** Dexter Horton Building.

(Special to The Financial Chronicle)

SOUTH BEND, IND.—**Mildred M. Fritz** has joined the staff of **Ferron R. Davis,** 112 West Jefferson Street.

ADVERTISEMENT

NOTE—*From time to time, in this space, there will appear an article which we hope will be of interest to our fellow Americans. This is number twenty-six of a series.*
SCHENLEY DISTILLERS CORP., NEW YORK

Variations

A tobacco blender and a whiskey blender have much in common. Each has to strive hard—very hard to keep his end-products uniform. Each knows that there is no uniformity in nature. And each deals with nature's raw materials.

If you are a cigarette smoker you probably smoke a blended cigarette. Your cigarette, then, is a blend of Virginia, Turkish, and Burley tobaccos; perhaps some Maryland, too. And these tobaccos vary from year to year, because of variable growing conditions such as soil, sunshine, rainfall, fertilizer, etc. And, then, the tobacco leaves, on a single plant, vary. The leaves at the bottom of the stalk are different from those in the center, or at the top. And the tobacco blender has to do something about all this to keep your cigarette uniform.

Originally, many combinations were created. Finally, the blender selected one and said—"That's it!" It was put on the market, you liked it, and the brand was a success. But uniformity has to be maintained or you would begin to complain about it. So, year after year the blender must compensate for the lack of uniformity in his raw materials by varying the quantities of the grades of different types of tobaccos he uses to produce an end-product that is reasonably uniform. And the cigarette you are smoking today may have tobaccos of various ages in it—some 1942, 1941, 1940 or 1939.

Well, the skillful blender of whiskies is confronted with the same variables in raw materials. Grain varies from year to year for exactly the same reasons. Not much opportunity for variations in the yeast, because the distiller's pure culture is carefully guarded. But barrels do vary greatly, and barrels, you remember, are considered one of the raw materials in the production of whiskey.

So, you see, the whiskey blender not only uses whiskies of various ages, but he uses different types of the same age to compensate for natural variations. And, if he is very skillful and has at his command a great library of whiskies of different types, he can produce, for your taste, a uniform blend of whiskies, year after year.

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Situations Attractive

Central Illinois Electric and Gas, Philadelphia Transportation Corp. and Western Light and Telephone offer attractive possibilities, according to memoranda prepared by Buckley Bros., 1529 Walnut St., Philadelphia, Pa., members of the New York and Philadelphia Stock Exchanges. Copies of these memoranda may be obtained from the firm upon request.

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St. L. S. F. 4s 50
St. L. S. F. 4½s 78
St. L. S. F. 6s 36
Seaboard 4s 59
Seaboard 5s 31
Seaboard 6s 45
So. Pac. 4½s 68, 69, 77, 81

Others Traded

J. ARTHUR WARNER & CO.
120 Broadway New York 5
COrtlandt 7-9400 TWX-NY 1-1950
BOSTON PHILADELPHIA
HARTFORD

A Discussion of the Prospective Prices of the
New Railroad Second Mortgage Income Bonds

Circular on WRITTEN request

PFLUGFELDER, BAMPTON & RUST
Members New York Stock Exchange
61 Broadway New York 6
Telephone—DIgby 4-4933 *Bell Teletype*—NY 1-310

Western Pacific
Railway Co.
New Securities
(When Issued)

Georgia & Alabama
Railway

1st 5s, 1945

Bought — Sold — Quoted

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MEMBERS
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120 Broadway, New York 5, N. Y.
231 So. LaSalle St., Chicago 4, Ill.

Fashion Park Attractive

A detailed study of Fashion Park, Inc., is contained in a special circular prepared by Simons, Linburn & Co., 25 Broad St., New York. Copies of this interesting study may be had from the firm upon request.

E. F. Hutton & Co. Has 40th Anniversary

On Saturday, April 1, Edward F. Hutton celebrated the foundation 40 years ago of the New York Stock Exchange firm which has borne his name since 1904. From the original partnership founded by Mr. Hutton and George A. Ellis, Jr. with 20 employees, E. F. Hutton & Co. has developed into one of the country's largest brokerage houses with approximately 700 employees, and with 15 branches in California and the Southwest, in addition to its New York offices and numerous correspondents both here and abroad. Mr. Hutton still retains his interest in the firm.

The firm's main office is located at 61 Broadway, New York City.

Trends In Financial Policies Of Oil Producing Cos.

Pitman and Company, Inc., Alamo National Building, San Antonio, Texas, have issued a most interesting discussion of "New Trends in Financial Policies of Oil Producing Companies." Copies of this discussion and information on the situation in General Crude Oil, which offers interesting "long pull" possibilities, the firm believes, may be had upon request from Pitman and Company.

Railroad Securities

The consistent strength in the good grade rail bond market in recent weeks, and the persistent institutional demand for this type of security to bolster portfolio yields, has brought to the fore the possibility of some important refunding operations before the year is out. The general financial background gives promise that this strength in quality issues will be sustained for an indefinite time to come and will readily support such refunding operations. With Governments assuming an ever increasing importance in institutional portfolios there is no place to turn other than to the rail list for compensating income to support the over-all yield.

One of the most logical refundings being talked of as a possibility is that of Louisville & Nashville. Influenced both by the general market strength and by improvement in its own basic position, the road's long term junior mortgage 3¾s have recently pushed above par. This represents a new all-time high—prior to this year the high since issuance in 1936 had been 98¾. With the low coupon junior bonds at a premium it is generally felt that the company should have little difficulty at this time in finally ridding itself of the other series of the same mortgage carrying interest rates of 4% to 5%.

This is particularly true inasmuch as the lien position of the mortgage could be improved materially in any comprehensive refunding. Such an operation would presumably also involve elimination of the two series of the Unified Mortgage, maturing in 1950 and 1960, with the 1st & refunding bonds then succeeding to a first lien on the roughly 2,000 miles of line covered. Unfortunately none of the other divisional liens are callable and only $9,835,000 of the $59,880,000 total matures over the near term, 1945 and 1946.

The two series of the Unified Mortgage are outstanding in the amount of about $40,000,000 and the 1st & Refunding 4s, 4½s, and 5s in the amount of about $54,000,000. Call premiums are of little moment as they represent a tax deduction and the company is in the excess profits tax brackets. With its strong finances and still favorable earnings prospects the road would presumably be able to refund all of this debt with a new issue of no more than $80,000,000. Last year the company reduced its non-equipment debt by roundly $11,000,000 and should be able to readily reduce it by $14,000,000 in 1944.

Louisville & Nashville's fixed charges have now been reduced to an annual level of around $8,400,000. Through any such refunding as outlined above it should be able to cut this at least by another $1,200,000 to $7,200,000. This would represent a reduction of some $3,400,000, or nearly one-third, from the level at the outset of the depression decade. Even on the basis of its old charges the road sustained a deficit in only one year of the depression, 1932. The prospective new charges would have been covered 1.30 times even on the basis of reported earnings in that extreme depression year. In fact, even the present fixed charges would have been covered by a nominal margin in 1932.

Without making any adjustment for taxes, the reduction in charges already effected is equivalent to $1.88 a share on the capital stock and this would be increased to $2.90 a share on a refunding such as appears entirely feasible. Moreover, any comprehensive refunding would presumably provide for the continuing future systematic reduction in funded debt. Although the Louisville & Nashville stock has advanced fairly substantially since the end of last year, the rail men still consider it attractive as an investment medium with a liberal income return (divideds of $7.00 a share have been paid in recent years and only once since the beginning of the century—1933—has the company failed to pay a dividend) and prospects for substantial price enhancement from recent levels. On a more speculative basis participation in the improvement in L. & N.'s status is being recommended through Atlantic Coast Line. For each share of its own stock outstanding Coast Line owns 0.72 shares of L. & N.

J. S. Bache Co. Opens Second Boston Office

BOSTON, MASS.—J. S. Bache & Co., members New York Stock Exchange, (announce the opening of an uptown branch office in Boston in the Park Square Building. This new office will be under the management of Thomas A. Ashley.

Carrere & Co. To Admit

James T. Whipple will become a partner in Carrere & Co., 65 Broadway, New York City, members of the New York Stock Exchange as of April 15.

Public National Attractive

Stock of the Public National Bank and Trust Company of New York offers interesting possibilities for investment, according to a memorandum issued by C. E. Unterberg & Company, 61 Broadway, New York City. Copies of this memorandum outlining the situation may be had upon request from C. E. Unterberg & Co.

Will reverse at small discount

Chicago & Northwestern
Railway Company

Western Pacific R.R. Co.

Minneapolis, St. Paul &
Sault Ste. Marie Rwy. Co.

ARBITRAGES

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Members New York Stock Exchange
120 Broadway, New York
Telephone REctor 2-7340

Bond Brokers

VILAS & HICKEY
Members New York Stock Exchange
49 Wall Street New York 5, N. Y.
Telephone: HAnover 2-7900
Teletype: NY 1-911

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for Selected Securities of
Missouri Pacific System
Copies available upon request

McLAUGHLIN, BAIRD & REUSS
Members New York Stock Exchange
ONE WALL STREET NEW YORK 5
TEL. HANOVER 2-1355 TELETYPE NY 1-1310

We wish to call your attention to the fact that the hearings in the

SEABOARD AIR LINE

reorganization are scheduled to take place before the I. C. C. on April 13th.

l. h. rothchild & co.
specialists in rails
120 broadway n. y. c. 5
COrtlandt 7-0136 Tele. NY 1-1293

MINNEAPOLIS &
ST. LOUIS RAILROAD
("Old" issues)
Minneapolis & St. Louis 5s 1934
Minneapolis & St. Louis 4s 1949
Minneapolis & St. Louis 5s 1962
Iowa Central 5s 1938
Iowa Central 4s 1951
Des Moines & Ft. Dodge 4s 1935

Frederic H. Hatch & Co.
Incorporated
63 Wall Street New York 5, N. Y.
Bell Teletype NY 1-897

SEABOARD AIR LINE
RAILWAY COMPANY
Specializing in
Underlying Mortgage
and
Leased Line Issues

VAN TUYL & ABBE
72 WALL STREET
NEW YORK 5

Annual Review of

Guaranteed
and
Leased Line
R. R. Stocks

Copies on request

Adams & Peck
63 Wall Street, New York 5
BOwling Green 9-8120 Tele. NY 1-724
Boston Philadelphia Hartford

TRADING MARKETS IN
REAL ESTATE SECURITIES
* * *
SHASKAN & CO.
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Bell Teletype NY 1-953

We Are Interested In Buying
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NEW YORK 6, N. Y.
WOrth 2-0510

Trading Markets:
Real Estate Bonds
Equitable Ofc. Bldg. 5s
40 Wall Street 5s
50 Broadway 3s
61 Broadway 3½-5s
Other Issues Traded

J. ARTHUR WARNER & CO.
120 Broadway, New York 5, N. Y.
COrtlandt 7-9400 Teletype NY 1-1950

Peltason, Tenenbaum Partnership Formed

ST. LOUIS, MO.—The announcement is made of the formation of a partnership, Peltason, Tenenbaum Co., Landreth Building, to conduct an investment business, and of the withdrawal from business of Peltason, Tenenbaum, Inc., as of April 1, 1944.

Formation of the partnership of Peltason, Tenenbaum Co. was previously reported in the "Chronicle" of March 23.

Nongard An Officer Of A. A. Bennett Co.

CHICAGO, ILL.—A. A. Bennett & Co., Incorporated, 105 South La Salle Street, anonunce that Conrad P. Nongard has become a member of their firm as vice-president and director. Mr. Nongard, for the past 23 years, has been associated with the Harris Trust & Savings Bank of Chicago, in an executive capacity.

Panama Bond Holders' Exchange Opportunity

Holders of Republic of Panama 35-year 5% external secured sinking fund gold bonds, series A, dated May 15, 1928, and due May 15, 1963, are being notified by Jose A. Sosa, J., Minister of Finance and Treasury of the Republic of Panama, that through filing a revised prospectus with the Securities and Exchange Commission there has been made available again to holders of the remaining undeposited bonds the opportunity to exchange these bonds for stamped 3¼% bonds due Dec. 1, 1994. Copies of the revised prospectus may be obtained from Bank of The Manhattan Company, depositary, 40 Wall Street.

"SUGGESTIONS"

We will be pleased to make suggestions to dealers who are interested in the retail distribution of Real Estate Securities.

Seligman, Lubetkin & Co.
Incorporated
Members New York Security Dealers Association
41 Broad Street, New York 4 HAnover 2-2100

Real Estate Securities

By JOHN WEST

$731,726 Sinking Fund For Garment Center Capitol Bonds

Securities Selling At Very Large Discount Despite Interest Requirement Being Earned Almost 4½ Times

One of the largest real estate bond sinking fund operations of recent years will take place on the 28th of this month by the trustee of the Garment Center Capitol General Mortgage 3% bonds issues. Money available for the purchase of bonds has been announced as amounting to $731,726.25, of which $487,720.21 has been set aside for the purchase of series A bonds and $244,006.04 for series B bonds. The indenture of the bond issue provides that out of funds available for sinking fund, two-thirds shall be allocated for retirement of series A bonds and one-third for the series B bonds. Except as to application of sinking fund, both series of bonds are equal in all respects and neither issue is preferred over the other.

This large sinking fund will in all probabilities substantially reduce both issues, inasmuch as the bonds are currently selling at considerable discounts. This fact, together with generous coverage of interest requirement, gives the bonds a measure of attraction despite their junior lien position.

Compared to 3% fixed interest requirement on the bonds, earnings have been as follows: 1943—13.22%; 1942—10.49%; 1941—6.51%; 1940—7.57%, and 1939—9.23%. Interest increases ¼ of 1% as each $1,000,000 bonds are retired until 4% is reached, which rate then prevails until maturity July, 1951.

Outstanding bonds amount to $7,198,400 (reduced from $7,500,000) divided into $3,452,000 series A bonds and $3,846,400 series B bonds. Prior in lien to the bonds are first mortgages of $4,935,500 (reduced from $6,635,000). Details of these mortgages are included in description of properties securing the bonds, which follows:

The bonds are a direct obligation of the company and are secured by a general mortgage (subject to prior liens mentioned above) on its properties. Called the Garment Center Capitol because of their prominence and importance in New York's Garment Center, two of the properties securing the bonds are located on the southwest and northwest corners of West 37th Street and Seventh Avenue known as 492-498 Seventh Avenue and 500-506 Seventh Avenue. The south building is built on a plat 98.9 feet by 225 feet, contains 24 stories and is 257 feet high. The north building is built on a plot 74.8 feet by 275 feet, contains 27 stories and is 295 feet high. Both buildings were completed in 1921.

Prior in lien to the bonds is a first mortgage on these buildings held by the Equitable Life Assurance Society, amounting to $2,315,000 (originally $3,615,000), due quarterly March 18, etc., to June 18, 1947, at the rate of $123,000 per annum.

Additional security for the bonds is the 43-story Navarre Building adjoining the other properties on the southwest corner of West 38th Street and Seventh Avenue, 555 feet high and completed in 1930. This building is known as 508-12 Seventh Avenue and 200-210 West 38th Street and is constructed on a plot 122.10 feet by 116.9 feet. Prior in lien to the bonds on this building is a first mortgage held by the Mutual Life Insurance Company amounting to $2,120,000 (reduced from $3,020,000) at 4% interest with amortization of $100,000 per annum. This mortgage is due February, 1945.

The vastness of the properties is illustrated by the fact that the combined rentable area of the three buildings is said to be approximately 2,300,000 square feet. Total income for the year ended December, 1943, amounted to $2,446,639. First mortgages were reduced during the year by principal payments of $223,000. Interest paid on the first mortgages amounted to $216,105.69 and on the bonds issues $215,952—taxes alone amounted to $536,195.86, of which $137,536.15 had to be paid in income taxes because of large earnings. Yet, after these expenses plus all other expenses of operation including administrative salaries, there still remained a profit in the operation of the properties of $378,915.94.

Year-end balance sheet showed current assets consisting mainly of cash and Government bonds, $979,772.32, against current liabilities of $245,569.11.

The $731,726 made available for sinking fund should reduce the funded debt considerably. At the present time, including first mortgages and the bond issues, it amounts to $12,133,900, compared with the 1943-44 assessed value of $12,880,000 for the property. However, actually because of the large discount at which the bonds may be purchased, it is possible to buy into the property at a much more favorable comparison with assessed value.

An added feature is that the A bonds carry with them stock representing an equal share in approximately 34% of the ownership of the property, the B bonds approximately 39% of the ownership—the balance of the ownership is vested in a C stock belonging to the former equity owners of the property. Out of a directorship which controls the property, the A stock elects five members, the B stock three members and the C stock one member—a total board of nine members.

Prospective Rail Prices

Pflugfelder, Bampton & Rust, 61 Broadway, New York City, members of the New York Stock Exchange, have issued an interesting discussion of the prospective prices of the new railroad second mortgage income bonds. Copies of the circular containing the discussion may be had from the firm upon written request.

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Tomorrow's Markets Walter Whyte Says—

By WALTER WHYTE

Market gives indications of making a base—Rally with leaders in forefront now likely — Long-term outlook still poor—Short-term possibilities seem good

The reaction this column had warned against finally came to pass. True, the setback didn't go off so much in percentage. But to the average holder of stocks who became that way at the recent highs, percentages don't mean much. All he knows is that a stock he bought at say 52 is now selling at 47. Of course, five points is nothing to lose sleep about. That's a platitude you can hear almost any day. I have been stuck with five-point losses. I know they are something to worry about.

* * *

Anyway, the market's down and the cheer leaders of the late lamented advance have taken to the foxholes. The prophets of doom are now out, with warnings about how much lower prices will go before any reversal will take place.

* * *

Whether the bears or the bulls are right is a matter time will disclose. So far as this column is concerned, the market is on the verge of another rally. It is even possible it may be the best one of the recent lot. Certainly, some signs I haven't seen for so long are poking their heads above ground.

* * *

Ever since the market made a low of 105 in the Summer of 1942 and rallied to across 142, its progress was conspicuous by the absence of one thing—leader strength. All kinds of stocks went up. And some of them went up rather handsomely, too, but the blue chips, the so-called leaders, the General Electrics, Motors, and others in that class, just dribbled along. As the market went up some of the lead-

(Continued on page 1420)

MAJESTIC RADIO NEWS
'STANDINGS OF THE STARS'

Majestic Radio News No. 5
March 30, 1944

THE STANDINGS OF THE STARS

National Program ratings of your 15 Best-liked Shows from Hooper Radio Reports

PROGRAM	RATINGS	
	Present	Mar. 15
Bob Hope	1	1
Fibber McGee & Molly	2	2
Jack Benny	3	9
Charlie McCarthy	4	3
Walter Winchell	5	5
Radio Theatre	6	4
Red Skelton	7	*
Joan Davis & Jack Haley	8	6
Take It or Leave It	9	12
Mr. District Attorney	10	7
Abbott & Costello	11	10
Fred Allen	12	14
Screen Guild Players	13	8
Aldrich Family	14	11
Bing Crosby Music Hall	15	15

*Now computed for rating in East where show is broadcast after 10:30 PM E.W.T.

Ratings are based on 2500 telephone calls per hour made from 6 PM to 10:30 PM in 32 cities. Thus, several leading programs heard after 10:30 E.W.T. are not rated.

Improvements: Prepaid

People would like to know: "How much war-tested quality will I get in my post-war radio?"

The answer is simple: All you need. Obviously you don't care to spend extra money for a radio built to withstand jungle humidity or arctic cold, or ruggedness to stand being dropped by parachute. But you will get . . . prepaid by war . . . other improvements. More rugged, longer lasting tubes; better wiring; easier hairline tuning; more all-around dependability.

Majestic engineers, through war work, have developed many improvements that will not cost you an extra penny in your post-war Majestic home radio. It will incorporate all the wartime precision, all the advancements, all the quality it is practical to build in a home radio you can afford.

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Majestic
RADIO TELEVISION ELECTRONICS
MIGHTY MONARCH OF THE AIR
MAJESTIC RADIO & TELEVISION CORPORATION
CHICAGO

The Chesapeake & Ohio Railway Company

SUMMARY OF 1943 OPERATIONS

In making its contribution to the military and industrial needs of the country during 1943, Chesapeake and Ohio broke all previous records for traffic handled. Operating revenues were at an all-time high, and, despite greatly increased costs, net earnings before taxes were greater than in any previous year of our history.

In fact, the story implicit in the figures is one of new high records in nearly all phases of operation except net income. Due to higher taxes, higher wages, and higher costs of material, Chesapeake and Ohio's 1943 earnings were almost two million dollars less than in 1942. Stockholders may regard this reduction in net earnings from 33 millions to 31 millions as a further contribution to the war, because federal taxes alone increased nearly ten million dollars above the total for 1942.

WHY CHESAPEAKE & OHIO WAS PREPARED

The additional traffic arising from the necessities of the war, on a railroad already one of the most heavily used in the country, could be handled only because private management had spent years building up and perfecting the physical plant, the skilled personnel, and the operating know-how which made it possible.

A substantial portion of the road's earnings has long been withheld from the stockholders and used to build up the property or to reduce debt. This process went on year after year with no thought of war, but it resulted in the C & O being prepared when the national crisis arose.

STABILITY OF INCOME

The greatest reason for C & O's ability to reinvest these earnings over the years, and to keep its properties in such fine condition, is the stability of the railroad's income. The Chesapeake and Ohio is one of the most fortunate of the country's railroad systems in that it serves the vital and stable bituminous coal industry, whose products are in demand in good times and bad.

This traffic works in two ways to the benefit of C & O stockholders. Not only does the railroad, along its own lines, serve great coal-consuming markets from the Great Lakes to the sea, but, through its connections, it has ready access to other great centers of population and industry. These ready markets, together with the perennial demand for coal, have produced a stability of income that is one of the C & O's most striking assets.

THE FUTURE

Reconversion to peacetime activities will obviously not present the major problem to the railroads that it will to many industries engaged in the manufacture of war equipment. Although in wartime our traffic load is stepped up and our problems are complicated by many extraordinary factors, the fact remains that transportation is our product in peace as well as in war. And moving heavy bulk freight in volume is the major part of our business.

If the post-war American economy bears a recognizable resemblance to the economy in which the Chesapeake & Ohio has developed and grown strong, we believe the stockholders are amply justified in having confidence and optimism in the future of the C & O.

SOURCES AND DISPOSITION OF INCOME

	1943	*1942*	*Increase or Decrease*
Our income came from the following sources:			
Revenues from hauling coal and coke freight	$114,460,373	$108,522,792	$ 5,937,581–I
Revenues from hauling other freight	64,667,766	55,447,407	9,220,359–I
Revenues from carrying passengers	21,669,414	11,493,584	10,175,830–I
Other transportation revenues	7,714,982	6,345,979	1,369,003–I
Rent from equipment used by others, less amounts paid to others	6,059,731	4,706,015	1,353,716–I
Dividends from stocks owned	849,084	677,993	171,091–I
Other income from non-railroad operations	1,046,360	1,138,116	91,756–D
Total	$216,467,710	$188,331,886	$28,135,824–I
We disposed of our income as follows:			
Wages	$ 70,754,903	$ 60,309,216	$10,445,687–I
Materials, supplies, and fuel	22,318,293	18,941,107	3,377,186–I
Railway tax accruals, other than federal income and excess profits taxes	11,634,007	10,744,696	889,311–I
Payments to contractors, associations, other companies, and individuals for services and expenses	3,647,585	2,528,111	1,119,474–I
Rentals and expenses paid for facilities used jointly with others, less amounts received from others	4,071,803	3,376,258	695,545–I
Interest on Funded Debt	7,296,452	7,492,937	196,485–D
Other Interest	51,639	515,568	463,929–D
Depreciation, amortization, and retirements	16,390,657	12,016,901	4,373,756–I
Total	$136,165,339	$115,924,794	$20,240,545–I
Net Income before federal income and excess profits taxes	$ 80,302,371	$ 72,407,092	$ 7,895,279–I
Federal income and excess profits taxes	48,943,691	39,253,655	9,690,036–I
Net Income	$ 31,358,680	$ 33,153,437	$ 1,794,757–D
Disposition of the Net Income was as follows:			
Appropriations for Sinking and Other Reserve Funds	$ 506,548	$ 512,086	$ 5,538–D
Dividends paid on Preference Stock Series A	457,581	610,055	152,474–D
Dividends paid on Common Stock	26,800,739	26,800,739	—
Balance remaining for other corporate purposes	3,593,812	5,230,557	1,636,745–D

1943 At a Glance

	1943	*1942*	*1941*
Operating Revenues (MILLIONS OF DOLLARS)	209	182	150
Operating Expenses (MILLIONS OF DOLLARS)	115	95	80
Operating Ratio	55.2%	52.5%	53.4%
Net Operating Revenue (MILLIONS OF DOLLARS)	93	86	70
Taxes (MILLIONS OF DOLLARS)	61	50	20
Net Income (MILLIONS OF DOLLARS)	31	33	45
Dividends (MILLIONS OF DOLLARS)	27	27	27
Revenue Ton Miles (MILLIONS)	27,548	25,556	22,550
Revenue Per Ton Miles (CENTS)	.65	.64	.62
Wages (MILLIONS OF DOLLARS)	71	60	49
Earnings Per Common Share (DOLLARS)	4.04	4.25	5.79
Taxes Per Common Share (DOLLARS)	7.92	6.53	2.57
Dividends Per Common Share (DOLLARS)	3.50	3.50	3.50
Times Fixed Charges Earned	5.24	5.11	6.72

The above are summary excerpts from our current Annual Report and are published only for the information of stockholders. Any stockholder failing to receive a copy of the Report will be furnished one on request to the Secretary, Terminal Tower, Cleveland, O.

We maintain markets in:

Central Illinois Electric & Gas
Common
Philadelphia Transport. Corp.
Preferred Common
Western Light & Telephone Co.
Common

Memos on Request

BUCKLEY BROTHERS
Members Philadelphia Stock Exchange
Members New York Stock Exchange
1529 Walnut St., Philadelphia 2, Pa.
Bell Teletype — PH 265
Phila. RIT 4488 N. Y. WH 3-7253

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Phila. Phone Locust 1477
New York Phone HAnover 2-2280
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Amer. Insulator
Autocar Com. & Pfd.
Delaware Pr. & Lt. Common
Lehigh Valley Transit 5s 1960
Southwest Pub. Serv. Com.
Citizens Utilities 3s, & Com.

W. H. Bell & Co., Inc.
1500 Walnut St., Philadelphia 2
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Phone Pennypacker 8328
N. Y. Phone CAnal 6-4265

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Federal Water Gas, Common

GERSTLEY, SUNSTEIN & CO.
213 So. Broad St. Philadelphia 7, Pa.
New York Phone WHitehall 4-2300
Bell System Tel. PHLA 591

American Investment Securities
Maine Co.

Bought — Sold — Quoted

KENNEDY AND CO.
Established 1923
Members Philadelphia Stock Exchange
Land Title Building
PHILADELPHIA 10, PA.
Telephone Rittenhouse 3940
Bell System Teletype PH 380

J. Walter Thompson Elects Vice-Presidents

The following members of the staff of the J. Walter Thompson Company have been elected Vice-Presidents: Paul Berdanier, Jr. and Arthur T. Blomquist of the Art Department, and Ruth Waldo of the Editorial Department, of the New York office at 420 Lexington Avenue; Fred W. Boulton of the Art Department, Harry Mitchell, Contact, and George Reeves of the Editorial Department, of the Chicago office, 410 North Michigan Avenue.

L. O. Lemon was elected Comptroller of the company.

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Commonwealth Of Pennsylvania Turnpike --"The Super Highway"

By RUSSELL M. ERGOOD, JR.

One of the most outstanding engineering and construction achievements performed in this country in recent years is the Commonwealth of Pennsylvania Turnpike.

The Pennsylvania Turnpike—America's pioneer tunnel super highway—stretches 160 miles through the Appalachian Mountains, linking Harrisburg, the State Capital, with the great Pittsburgh industrial area.

Russell M. Ergood

The Turnpike is a modern four-lane concrete highway, with east-west traffic separated by a 10-foot center parkway. Width of each traffic lane is 12 feet. Throughout its length the highway consists of divided dual-lane roadways of 24-foot width, that is, one 24-foot lane each for east and west traffic. In the seven tunnels the roadway section reduces to two traffic lanes. The total length of these tunnels is approximately seven miles. Every device known to engineering has been included in construction of the tunnels to insure safety, comfort, and speed. Huge fans installed in the tunnel portal buildings will constantly guarantee an adequate supply of pure air. The Turnpike is built over a minimum 200-foot right of way, graded 78 feet wide in the open. A 10-foot shoulder is on each side of the open roadway. Because no other highway is permitted to cross the Turnpike at grade, it was necessary to build 160 overpasses and underpasses to carry cross roads over or under the Turnpike. To span streams and rivers along the way, 139 bridges were required, ranging from 6-foot culverts to a 600-foot viaduct. Most of the structures are of reinforced concrete, but structural steel also was used in a number of long spans.

The maximum grade on the Turnpike is 3%; that is, three feet of rise in every 100 feet. This is remarkable when considering the mountainous terrain through which the line passes. More than two-thirds of the Turnpike mileage—110 miles—is on tangent, that is, a straight line. The maximum curvature is six degrees with a radius of 995 feet. Allowing for ample sight distance, curves are provided with super-elevation and spiral easement adding to the driving comfort and convenience of the motorist.

This modern super-highway has freed motorists from the natural barriers which confronted them when they formerly had to use the Lincoln and William Penn highways. In winter, late autumn and early spring, these roads are often covered with snow and ice and the motorist must constantly face the hazards of fog, rain and snow in the mountains. The trucking industry and the thousands of motorists who have used this highway have found its resultant benefits incalculable.

The Pennsylvania Turnpike has met one of the country's greatest needs—safe and rapid motor transportation through the Appalachian Mountains.

Seventy trucking companies interviewed by the Commission's traffic engineers agreed that substantive monetary savings result from the use of the Turnpike in the following particulars:

Safe operation at higher speeds in all kinds of weather.

Reduced fuel cost.

Reduced tire cost (because of lower grades and reduced braking effort).

Reduced maintenance cost (because of lower grades and reduced curves, with resulting lessening of strain on transmission, brakes and engine).

Utilization of lower-powered trucks for the same pay load and of increased pay load for present size of unit.

Saving of time, ranging from two to six hours per trip from Harrisburg to Pittsburgh.

Reduction of accidents with corresponding saving in insurance rates.

There has been a steady growth of commercial traffic on the Turnpike. Facts and figures reveal the steady use by large trucking companies. This certainly proves the economy of operation to the commercial trucker. The Turnpike has more than fulfilled the engineers' expectations of its importance in long-haul trucking.

The "super-highway" was opened to traffic only 14 months prior to Pearl Harbor, and it did not have time to create its normal complement of traffic before war restrictions were imposed. In spite of this handicap, it has succeeded in establishing substantive cash reserves to offset the temporary reduction in revenues. It takes about $200,000 per month to service current operating and maintenance expenses and interest. Revenues over the past 12 months have averaged about $150,000. The average monthly deficit of $50,000 created by war rationing is being met from the substantial interest reserve account. This interest reserve account now amounts to about $750,000. Assuming maintenance of revenues of past year, this fund could permit service of interest requirements for 15 months, or well into the summer of 1945. In addition, the trustee holds an insurance fund of over $200,000 for meeting unusual repairs to the highway. It is possible that during any extension of the war beyond the middle of 1945 this additional fund might prove available for meeting interest requirements.

In recent months there has been a definite uptrend in the Turnpike revenues. A comparison of revenues for the last six months of operation is set forth herewith:

	1943	1942	% of Change
September	$169,640	$200,105	—15.2
October	164,316	179,770	— 8.6
November	145,542	160,840	— 9.5
December	140,936	129,216	+ 9.0
	1944	1943	
January	132,408	120,652	+ 9.7
February	129,418	117,424	+10.2

Super-highways are the next step in America's progress. Post-war express highways connecting the large cities of the United States are provided for in a plan recently laid before Congress involving estimated annual expenditure of $750,000,000 for 20 years and are expected to be patterned along the line of Pennsylvania Turnpike Super-Highway. The safety and economy attending the use of this model super-highway since its opening in 1940 and its proven peace-time earning power have confirmed it as a sound pioneer pattern and have shown the basic necessity for nationwide building of such self-sustaining modern means of moving people and goods speedily, safely and economically.

Rationing during the war period has temporarily dimmed the splendid peace-time earning record of the Turnpike; but for investors able to visualize the potentials of post-war American travel, the following comments taken from a recent report of the Joint State Government Commission (of the Pennsylvania General Assembly) lend interesting assurance—particularly in view of the fact that Pennsylvania Turnpike reverts to the State upon the retirement of its debt:

> **"The Turnpike bonds are not direct obligations of the Commonwealth. Nevertheless, there seems to be a moral obligation which, in case of default, could not be ignored. These bonds, however, to date have been genuinely self-liquidating, and, presumably, will be redeemed without recourse to the Commonwealth."**

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Pennsylvania Brevities

In Pennsylvania investment circles there is something more than a suspicion that United Gas Improvement Co. is complying with the divestment orders of the Public Utility Holding Company Act with its tongue in its cheek.

True, its two largest holdings, the stocks of Philadelphia Electric Co. and Public Service Corp. of New Jersey, have been distributed and arrangements are complete for distributing Delaware Power & Light Co. common in May.

So far as is known, U. G. I. has no immediate plans for the sale of its remaining assets, although it is likely that casual negotiations may be under way in respect to Arizona Power Corp., Nashville Gas & Heating Co. and Manchester Gas Co.

It is regarded as significant that a nucleus of sound, nearby operating gas properties is being retained. These include Allentown-Bethlehem Gas Co., Consumers Gas Co. of Reading, Luzerne County Gas & Electric Co. and Lebanon Valley Gas Co. Moreover, the parent company is possessed of substantial cash holdings and, aside from a contemplated dividend of 10 cents per share expected to be voted in June, has given no indication of its disposition.

Pendulums usually swing both ways. Retaining a stout framework on which to build anew, and with ample reserves of cash, it is not improbable that U. G. I. may elect to sit through the present period of holding company unpopularity and await the development of a more tolerant regulatory philosophy.

Employes of Philadelphia Transportation Co. don't let any grass grow on the car tracks. Coincidentally with appearance of the company's annual statement, revealing new highs in passengers carried and in gross and net revenues, Local 234, Transport Workers Union, CIO, asked a general 15-cent per hour wage increase. The "gimme" letter sent to R. T. Senter, company president, included the following nobly phrased passage: "The Transport Workers Union is persuaded that the Philadelphia Transportation Co. system can make its most effective contribution to the nation's effort if the morale and efficiency of the employes are maintained at the highest possible level." It is requested that negotiations be started on April 7.

Gross revenues for 1943 were reported as $57,067,888, an increase of $7,871,090 over 1942. Operating expense, however, increased $5,484,183, and federal and state taxes were $116,784 higher. Fixed charges were $174,358 lower. Surplus at year end was $2,523,274, a net increase of $715,062.

According to its report, the company believes "that the high-water mark in wartime riding has been reached. Riding during the last month of the past year and thus far in 1944 dropped below the levels of the corresponding period of the previous year. This decrease is largely taking place during the non-rush hour periods of the day and on Sundays."

Securities of Pittsburgh Railways Co. system remain in firm demand at new high levels while developments in a voluntary plan of procedure are expected within the near term. It is understood that a study of relative values is being undertaken by a staff appointed for that purpose by the Philadelphia Company, traction company parent. Once a schedule of bid prices for the various publicly-held securities has been determined, security holders will be asked to join in a petition to the court to dismiss the present bankruptcy proceedings without reorganization. If the petition is granted, and subject to whatever further regulatory approval may be required, security holders will probably be offered the opportunity of selling their holdings to the Philadelphia Company at

(Continued on page 1411)

Taxation---Today's Burden, Tomorrow's Prospect

(Continued from page 1402)

For the current fiscal year 1943-1944, total taxes in the U. S. slightly exceed one-half of total expenditures, i. e., about 51%. This is approximately the same as the Canadian proportion of total outlay raised by taxes and compares with the slightly larger percentage, namely 54%, raised in Great Britain. Considering the earlier impact of war upon Canada and Great Britain and the longer period over which they have raised their own taxes to present levels, this constitutes a remarkable fiscal achievement on the part of the United States.

TOTAL GOVERNMENT REVENUE AND EXPENDITURE

(In billion dollars)

	1943-44			1942-43		
	Total Taxes	Total Expenditure	Ratio taxes to Expenditure	Total Taxes	Total Expenditure	Ratio taxes to Expenditure
United States	$50.7	$98.9	51.2%	$32.2	$87.9	37.8%
United Kingdom	14.0	26.2	53.5	12.5	26.3	47.5
Canada	3.1	6.0	51.4	2.7	5.1	53.2

Note—The U. S. figures include social security and all local taxes but make no allowance for increases under 1944 legislation.

Testing the magnitude of these tax totals in terms of national income, we find that U. S. taxes today constitute 34% of the national income, in the case of Canada 36%, and for Great Britain 39%.

TAXES AND NATIONAL INCOME

(In billion dollars)

	Total Central and Non-Central Government Taxes	National Income	Per Cent Total taxes of National Income
United States	$50.7	$148.0	34.3%
United Kingdom	11.6	29.5	39.3
Canada	2.7	7.5	35.6

Canada and United Kingdom calendar year 1942.
United States July 1943-June 1944.

These figures do not tell the whole story. It is necessary to consider the incidence of taxation upon certain segments of our economy and compare this with the corresponding taxes in Great Britain and Canada. In the U. S., aggregate tax payments of corporations and individuals account for 74.1% of total revenue, in the United Kingdom 54.7%, and in Canada 60%. In other words, a much larger portion of our total revenue is raised through taxation that falls upon corporate enterprise and incomes in the higher brackets.

REVENUE SOURCES—U. S., UNITED KINGDOM AND CANADA 1943-44

(In million dollars)

	U.S.	%	United Kingdom	%	Canada	%
Total income and social security	$19,503.5	39.8	$5,305.9	38.3	$983.7	31.7
Corporate income and social security payable by employers	16,797.2	34.3	2,289.9	16.4	878.7	28.3
Sales, excise and customs	6,601.1	13.5	4,074.0	29.1	878.0	28.3
Property	4.471.7	9.1	856.0	6.1	246.4	8.0
Total	$49,039.2	100.0	$13,981.8	100.0	$3,106.4	100.0

Note—The U. S. figures have not been adjusted for the estimate of the Director of the Budget, Nov. 27, 1943, under which revenues are $1.7 billion greater than here stated.

This observation is further fortified by noting the amount of revenue obtained through sales, excise and customs taxes in the three countries. In the United States 13½% of total revenue is raised from these consumer sources, in the United Kingdom 29.1%, and in Canada 28.3%. The relative concentration of the tax burden on enterprise and the well-to-do is further illustrated by examining the tax payment of an individual with a $25,000 income and another individual with a $2,500 income. Assume that the man in the lower of these two brackets gets all of his income in the form of wages and that the man in the higher bracket gets $15,000 in salary, $5,000 in dividends and $5,000 as a capital gain. In this country, the average wage earner, i. e., with an income of $2,500, pays an effective tax of 11.8%; in England he pays 23½% of his income; in Canada 16%. Compared with workers in similar income groups in Canada and England, the American worker is clearly favored in his income tax.

Consider the taxpayer in the $25,000 bracket. In this country he pays an effective tax of 39.8%, in England 38.9%, and in Canada 41.2%. This American taxpayer is not favored compared to English and Canadian taxpayers in the same brackets, contrary to popular impression.

EFFECTIVE RATES ON SELECTED INCOMES U. S., UNITED KINGDOM AND CANADA

	U. S.	United Kingdom	Canada
$2,500 income non-refundable tax	$297	$587	$401
Ratio tax to income	11.8%	23.5%	16.0%
$25,000 income non-refundable tax	$9,926	$9,758	$10,279
Ratio tax to income	39.8%	38.9%	41.2%

Note—Individual is married without dependent. $2,500 income is all salary; $25,000 income; in salary, $15,000; capital gain, $5,000; dividends $5,000.

It seems reasonably clear from these figures that in a much shorter space of time we have succeeded in this country in pushing taxation of corporations and high income individuals up to and perhaps beyond the point of maximum return to the Government. In fact, there is considerable evidence to show that in the taxation of corporations and high personal incomes we have long since passed the point of diminishing returns. It is also equally clear that the consumer and low income recipient in this country are treated far more gently by the tax gatherer than are the same groups in Canada and England. Canada and Great Britain are authentic democracies certainly no less than the United States. Subject to honest democratic processes, they have seen fit to ask the great masses of their citizens to make a more substantial contribution to war costs than we have in this country. They have been intelligently considerate of organized enterprise. They realize apparently that post-war recovery and post-war employment must rest upon business with the financial power and the incentive to take risks. It is clear that they have taken to heart much more intelligently than have we Adam Smith's solemn injunction to conserve the patrimony of the State.

The reports of over-all corporate earnings seem to indicate that American business, in spite of very high taxes, is nevertheless making more money now than it has at any time in the past. This is partly an illusion fostered by official aggregate figures of income. In many instances the Treasury has denied for tax pur-

(Continued on page 1413)

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Pennsylvania Brevities

(Continued from page 1410)

prices which necessarily would have to be mutually satisfactory. The services of Drexel & Co., Philadelphia bankers, have been obtained for the purpose of representing both the security holders and the company in forthcoming negotiations. This firm performed a similar service in respect to the recent successful reorganization of the Philadelphia transportation system.

In reference to the validity of long-standing guarantees, leases, contracts and agreements, with which the Pittsburgh system is studded, considerable significance is attached to a recent full-bench decision of the Common Pleas Court in the case of Monongahela Street Railway Co. v. Philadelphia Company. Monongahela was leased to Consolidated Traction Co. in 1902, and performance under the lease was guaranteed in every particular by Philadelphia Company. Since Pittsburgh Rys. Co. entered bankruptcy in 1938, the Philadelphia Company has paid Monongahela its specified annual rental under the terms of its guarantees but has not considered itself liable for Federal, State and municipal taxes.

The Court unanimously upheld the terms of the original contract which specifically included payment of "all taxes, charges, licenses or assessments now or hereafter lawfully imposed upon Monongahela on account of its corporate existence, its franchises, property, real or personal, cars, business, earnings, bonds, capital stock, dividends or profits, it being the intention that the rental provided shall be a net rental available to the stockholders of Monongahela."

The Court decided that was pretty plain English and meant exactly what it said.

An ambitious $350,000,000 program for the expansion and development of Philadelphia as soon as labor and materials become available has been outlined by Director of Public Works John H. Neeson. Governor Martin has announced a post-war improvement plan topped by a $500,000,000 road-building program. Philadelphia's Mayor Bernard Samuel has a six-point program for the local area including port development, airport and city portals, improvements to the water and sewer system, bettering approaches to the Delaware River Bridge and general construction. An elevated super-highway to extend over Delaware Ave. a distance of five and one half miles is among the projects planned.

To the above may be added the building deficiency, both industrial and residential, which has been accumulated due to wartime restrictions.

Much of the construction and rehabilitation noted above will fall within the activities of Warner Company, producers, manufacturers and distributors of sand, gravel, limestone and limestone products and central-mix concrete in the Trenton-Philadelphia-Wilmington area. The company's most interesting outstanding issue is the 7% preferred stock, par $50, at present carrying $28 per share in accrued, unpaid dividends.

In late 1942, company paid up three years' accrued interest on its mortgage bonds and extended the maturity from 1944 to 1951. Per share earnings, applicable to the first preferred, were $48.57 in 1941 and $37.65 in 1942. Annual report for 1943 has not yet been published, but results are expected to approximate those of the preceding year. An annual sinking fund of 33⅓% of net earnings is applied to debt reduction and a further fund of 5% is employed for retirement of this preferred issue. Reduction or elimination of preferred arrearages may be expected to receive early consideration.

Edgar Scott, Montgomery, Scott & Co., was re-elected President of the Philadelphia Stock Exchange at the March meeting. Governors elected were: William K. Barclay, Jr., Stein Bros. & Boyce; Harry C. Dackerman, Dackerman & Waber; John A. Murphy, Reynolds & Co.; George E. Snyder, Jr., Geo. E. Snyder & Co.; Albert J. Williams, Boening & Co.; Harold P. Woodcock, Woodcock, McLear & Co.; Spencer D. Wright, Wright, Wood & Co., and John W. Wynn, J. W. Sparks & Co.

The annual meeting of the Jacobs Aircraft Engine Co. has been changed from the first Tuesday in April to the first Tuesday in May by action of the board of directors.

W. Wallace Kellett, President Kellett Aircraft Corp., reports the placing of a $2,000,000 V-Loan providing for a line of credit to be used for war contracts and settlement of contract termination costs. Girard Trust Co., Philadelphia National Bank, Chase National Bank and Brooklyn Trust Co. participated.

On April 1, Grant Building, Pittsburgh, paid 6½% interest on its collateral trust 2½-5s, 1957, thus clearing accumulations and bringing fixed and contingent payments up to date. Operations are expected to remain at high levels for the duration and immediate post-war years. The sinking fund, consisting of 50% of annual earnings, is a favorable market factor.

The apotheosis of purchases and sales tickets is to be found in the forms recently adopted by a certain investment firm which endeavors to conform meticulously with all the expressed and implied shalts and shalt-nots dear to the heart of the S. E. C. Each ticket, over-shadowing the current Income Tax Return in complexity, contains no less than 90 items of information to be checked or blanks to be filled in. To the casual observer it is a veritable museum piece, but a terrific head-ache to busy traders who are called upon to write up 100 or more daily.

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Bank and Insurance Stocks

This Week—Bank Stocks

By E. A. VAN DEUSEN

Leading New York City banks are giving a good account of themselves under conditions imposed by World War II, just as they did during World War I. It is of interest, therefore, to review and compare banking figures for the two periods in so far as significant comparisons are possible. Obviously, it is not possible to compile figures for identically the same group of banks for both periods, because many mergers and other changes have transpired during the intervening quarter century. However, it is possible to select two groups of 15 banks for each period which are closely enough alike to render significant a comparison of their respective aggregate figures.

Ten of the 15 banks are common to both World War I and World War II, as follows:—Bankers Trust, Bank of New York, Chase National, Chemical Bank and Trust, Corn Exchange Bank Trust, First National, Guaranty Trust, Irving Trust, National City Bank and United States Trust. The five banks which existed in the World War I period, but have since changed their indentities are:—Central Union Trust, Hanover National, Mechanics and Metals, National Bank of Commerce and National Park Bank. In substitution for these in the present period, the following five banks are used:—Bank of Manhattan, Central Hanover, Manufacturers Trust, New York Trust and Public National Bank.

Table I shows important aggregate figures for the 15 banks during the five year period of World War I, 1914 to 1918, inclusive, as follows:—

TABLE I

Year—	Deposits	Capital, Surplus & Undivided Profits	*Earnings	Dividends
1914	$1,728,589,000	$325,100,000	$18,866,000	$23,010,000
1915	2,904,915,000	340,995,000	38,968,000	23,070,000
1916	2,974,013,000	382,602,000	54,106,000	27,500,000
1917	3,744,816,000	389,474,000	33,092,000	30,608,000
1918	3,925,687,000	422,304,000	54,491,000	27,405,000

*Indicated earnings after reserves and adjustments.

Table II shows comparable figures for the 15 banks for the five year period of World War II, 1939 to 1943 inclusive, as follows:—

TABLE II

Year—	Deposits	Capital, Surplus & Undivided Profits	*Net Oper. Earnings	Dividends
1939	$14,215,285,000	$1,448,214,000	$83,328,000	$65,850,000
1940	17,348,843,000	1,473,465,000	86,154,000	65,850,000
1941	17,465,365,000	1,509,864,000	90,741,000	65,250,000
1942	20,856,613,000	1,538,833,000	96,020,000	61,150,000
1943	21,818,561,000	1,643,831,000	110,954,000	61,412,000

*Exclusive of security profits.

In comparing these two tabulations, we note certain similarities, and also striking differences. Deposits in both periods expanded substantially. From 1914 to 1918 they increased by $2,197,098,000 or 127%; from 1939 to 1943 they increased by a far greater amount, viz: $7,603,276,000, but percentagewise the gain was less, being only approximately 53%. The reason for this lower percentage is that the larger dollar increase is measured against a far higher volume of deposits in 1939 than obtained in 1914, viz: $14,215,285,000 compared with $1,728,589,000.

It will be recollected that at the start of World War I the National Debt was little more than $1,000,000,000, and that consequently the banks' holdings of Government bonds were relatively small, and similarly the banks' deposits. The financing of the war was participated in by the banks by means of loans to the Government through the purchase of Government securities, which were credited to the Government's deposit account, thus swelling the banks' deposits, as indicated in the tabulation. At the end of World War I the National Debt stood around $26,000,000,000.

World War II found the National Debt and the banking figures at a far higher level than obtained at the start of the first World War. Although the Debt was reduced year by year after 1919 to approximately $15,801,500,000 by 1931, in 1939 it had expanded to over $40,000,000,000, the highest in the history of our country up to that time. Because the commercial banks of the country had been called upon to assist in the Government's "deficit financing" of the so-called "New Deal" program, they entered World War II with large holdings of Government securities and thus, Government deposits. The 15 New York City banks on Dec. 31, 1939 reported their holdings of Government bonds and notes at $4,623,278,000 and total deposits at $14,215,285,000. In five years these figures have risen to $13,381,989,000 and $21,818,561,000 respectively. It is interesting to observe that their Government holdings expanded by $8,658,711,000 and their deposits by $7,603,276,000.

With regard to capital, surplus and undivided profits, during both five year periods they show quite substantial expansion, viz: $97,204,000 or 29.9% and $195,617,000 or 13.5%, respectively. The ratio of deposits to capital funds is strikingly different, however. In 1914 the ratio was 5.3, but it increased to 9.3 by 1918 as a result of war financing. In 1939 the ratio was 9.8, slightly above the 1918 figure, but by 1943 year-end it had increased to 13.3. This increase also came about through war financing.

Earnings and dividends of the 15 banks during World War II have thus far been approximately double those reported during World War I, but in relation to aggregate book-value, (capital, surplus and undivided profits) the rate of earnings is not as favorable. For instance, in 1918 indicated earnings before reserves and adjustments amounted to $54,491,000 or 12.9% on book-value; in 1943 net operating earnings plus security profits totaled $139,721,000 or 8.6% on book-value. Of course earnings as reported today are not strictly comparable with the "indicated earnings" of World War I period. The fact remains, though, that despite the higher leverage of deposits to capital funds that exists today, lower interest rates combined with higher taxes and costs mitigate against the banks' earning as high a return on earning assets as was possible 25 years ago. In 1918 the rate on commercial paper was 6% compared with less than 1% today; interest on the Public Debt was 4%, compared with fractionally below 2% currently; and interest on high grade corporates was 5% against approximately 3% today. Offsetting these disadvantages, however, it is well to bear in mind that the Banking Act of 1933 prohibited national and member banks from paying interest on demand deposits, which was formerly done, and since the demand deposits of New York City banks constitute more than 90% of their total deposits, this prohibition serves to reduce the banks' operating costs by a very appreciable amount.

The banks appear to be entering an era of large volume earning assets, consequently, despite low niterest rates, they should be able to hold net earnings at a high level. Currently, the earning assets of these 15 banks aggregate nearly $19,000,000,000, and are at the highest level in the history of American banking.

As regards post-war prospects, it is pertinent to bear in mind that approximately 72% of the "earning assets" of these 15 banks are represented by United States Government obligations. Furthermore, in view of the probability that our tremendous National Debt will never be completely retired and that its amortization will be a slow process, it seems clear that for many years these banks will experience little diminution in the aggregate volume of their Government holdings, and that their revenue from this source will be maintained at a high level for an indefinite period.

With regard to commercial loans, which generally are the most profitable of a bank's "Earning assets," these currently comprise less than 20% of "total earning assets." It seems certain, however, that they will increase substantially during the reconversion period and thereafter, in order to meet the needs of business and industry in an expanding economy.

Thus, the outlook for bank earnings during the remaining war years and indefinitely into the post-war era, appears most favorablle. If, furthermore, we concede the the possibility of some stiffening of interest rates despite Governmental control of the market, their favorable outlook is that much more enhanced.

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Wyeth & Co. Forms New Partnership

Announcement is made of the formation of a new partnership to continue under the name of Wyeth & Co. General partners in the new firm will be Frank O. Maxwell; Wallace A. Marshall; William S. Wells; Thomas H. Heller; Oliver B. Scott, and Wilbur R. Wittich (New York).

The former firm of Wyeth & Co. has been dissolved and its assets transferred to the new firm as of March 31, 1944, according to the announcement. Harry B. Wyeth, Jr., the senior partner in that firm, is retiring from active participation in the investment business to assume the Presidency of Ben-Hur Products, Inc., large distributor of coffee, tea, spices, and other products.

The new firm will retain the operating personnel of the old firm. The same offices will be maintained at the present locations in Los Angeles, (647 South Spring Street), New York, (40 Wall Street), Pasadena, San Diego, Beverly Hills, and Long Beach. Membership will be continued in the Los Angeles Stock Exchange and direct private wire service between the New York and Los Angeles offices will be continued. All of the partners of the new firm have occupied key positions with the old firm and have had many years' experience in the securities business.

Wyeth & Co. is one of the leading financial houses in Southern California and is engaged actively in the underwriting and distributing of investment securities. Frank O. Maxwell is senior partner; Wallace A. Marshall, sales-manager; and William S. Wells, manager of the Institutional Department. Wilbur R. Wittich is manager of the New York office, Thomas F. Phair, manager of the Beverly Hills office, Wilber P. Larrabee, manager of the San Diego office, and William Cahoone, manager of the Long Beach office. Roger H. Pile is manager of the Analytical and Research Department, and Charles L. Holton is auditor.

N. Y. Analysts To Hear

On Monday, April 10, the New York Society of Security Analysts, Inc. will hear Ralph S. Damon, Vice-President of American Air Lines on the "Future of Air Transport."

On April 11, Dr. Charles Hodges of New York University, will speak on "The War Behind the War."

On April 12, Robert C. Enos, President of Standard Steel Spring, will be speaker.

Meetings will be held at 56 Broad Street, New York City, at 12:30 p.m.

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Incorporated by Royal Charter 1727
HEAD OFFICE—Edinburgh
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LONDON OFFICES:
3 Bishopsgate, E. C. 2
8 West Smithfield, E. C. 1
49 Charing Cross, S. W. 1
Burlington Gardens, W. 1
64 New Bond Street, W. 1
TOTAL ASSETS
£108,171,956
Associated Banks:
Williams Deacon's Bank, Ltd.
Glyn Mills & Co.

Australia and New Zealand
BANK OF
NEW SOUTH WALES
(ESTABLISHED 1817)
Paid-Up Capital £8,780,000
Reserve Fund 6,150,000
Reserve Liability of Prop. 8,780,000
£23,710,000
Aggregate Assets 30th Sept., 1943 £187,413,762
SIR ALFRED DAVIDSON, K.B.E., General Manager
Head Office: George Street, SYDNEY
The Bank of New South Wales is the oldest and largest bank in Australasia. With over 800 branches in all States of Australia, in New Zealand, the Pacific Islands, and London, it offers the most complete and efficient banking service to investors, traders and travellers interested in these countries.
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of EGYPT
Head Office Cairo
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FULLY PAID CAPITAL . £3,000,000
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Branches in India, Burma, Ceylon, Kenya Colony and Aden and Zanzibar
Subscribed Capital £4,000,000
Paid-Up Capital £2,000,000
Reserve Fund £2,200,000
The Bank conducts every description of banking and exchange business
Trusteeships and Executorships also undertaken

Insurance Stocks Interesting

Mackubin, Legg & Company, 22 Light Street, Baltimore, Md., members of the New York and Baltimore Stock Exchanges, have just issued their compilation of "Comparative Data on Principal Fire and Casualty Insurance Stocks." Copies of this interesting tabulation in booklet form, and memoranda on Camden Fire Insurance Association, Hanover Fire Insurance Company, Hartford Steam Boiler Inspection & Insurance Company, New Hampshire Fire Insurance Company, North River Insurance Company, Pacific Indemnity Company, United States Fire Insurance Company, and Westchester Fire Insurance Company, may be had upon request from Mackubin, Legg & Co.

Taxation---Today's Burden, Tomorrow's Prospect

(Continued from page 1411)

poses substantial reserves which private management feels must be set aside to cover the cost of wartime industrial attrition. As a result, the official figure representing total corporate income is considerably higher than a total composed of actual reports of income made by American corporations.

This reluctance to permit American enterprise to realize reasonable profits at a time when plants are working at capacity is disturbing and may prove tragic. The profits which American corporations make are jack pot profits. They are high in periods of prosperity and low or non-existent in periods of depression. We know that in the years 1932, 1933 and 1934 American business in the aggregate showed a deficit. Nevertheless, it did continue to give employment to a mass of workers who were able to draw wages even though their employers in the aggregate were losing money. In order to survive the losses of hard times, business must be permitted to accumulate proper reserves and a surplus of earnings in periods of high activity. The government which denies this safeguard is unwittingly or by design writing the ultimate death warrant of its corporate entities.

The companies that are today engaged in war work are expending their corporate energy, the energy of their personnel and the life of their equipment in helping this country win a war. It is proper that their earnings should be kept within bounds. Nevertheless, a certain tolerance should be exercised by our tax authorities to permit these companies to earn a fair return today and accumulate reserves and earnings for the drastic transition from a war to a peace economy in the period beyond.

Such tolerance or indulgence, if you wish, might well become a sound statesmanlike investment on the part of the Government in post-war prosperity. Such considered wisdom, however, has apparently been lacking and there have been times when it seemed that our officials charged with tax policy have been more concerned in keeping profits down than in sustaining our economy and making it possible for private business to continue after the war is over.

I am happy to say that a change appears to be taking place in Washington. This is reflected dramatically in the refusal of the House and Senate to accept the Presidential veto of the last tax measure. The summary insistence on passage over the veto indicates a growing conviction on the part of responsible legislators that corporate enterprise in this country must be treated with a little more consideration than it has received in the last 10 or 12 years.

This favorable trend in tax thinking is also evident among those who have been counted as influential advisors to the Government. I have in mind recent statements of Professor Alvin H. Hansen of Harvard regarding appropriate post-war budgets. Prof. Hansen is regarded as a liberal in taxation, a word which to businessmen has acquired unfortunate connotations in recent years. It might, therefore, be expected that anything that Prof. Hansen might say on the subject of post-war budgets would incline toward the left. Prof. Hansen does not make the mistake of assuming that a budget could be considered and accepted today which might apply under any circumstances after the war. He has evolved four tentative post-war budgets to apply under varying circumstances. In the absence of an extreme boom or depression, he is thinking in terms of a 20 billion dollar Federal budget, a figure which excludes Social Security taxes and payments. He proposes to raise $5 billion of this total through liquor, tobacco and customs taxation. Of the remaining $15 billion, he would place $10 billion upon individuals and $5 billion upon corporations. He considers it much more important to maintain the operating and investment capacity of organized business than to preserve the incomes, particularly the higher incomes, of individuals. He believes that the disposition of wealthy people to make their income available as venture capital has been exaggerated. The excess profits tax, he urges, should be eliminated the moment war is over. A tax on capital gains has no place, in his opinion, in a sound budget. Compared to our present tax structure and the type of taxation that might be expected in the future from this administration, the proposals of Professor Hansen are reassuring. Needless to say, if he sells our responsible political leaders on the soundness of his budget proposals, it will constitute a bright prospect for American business.

I have cited at some length the views of the Harvard professor because it indicates the degree to which sane thinking in fiscal matters is asserting itself in this country.

Nat'l Bank Of Tulsa Stock Marketed

Public offering of 125,000 shares of common stock of National Bank of Tulsa, Okla., was made on April 5 in this and other principal market centers by a group headed by Merrill Lynch, Pierce, Fenner & Beane, which firm has been most active in encouraging the nationwide distribution of stocks of banks. The Tulsa bank's shares are being sold by Oklahoma Oil Management Corp., a subsidiary of Sinclair Oil Corp. The shares do not constitute the total holdings of Oklahoma Oil Management Corp., which will continue to be a substantial holder of the common stock of the bank. The announcement also says:

The banking group offered the stock to the public at a price of $21 per share, with a concession of $1 to dealers. In an announcement prior to the offering, Merrill, Lynch, Pierce, Fenner & Beane, said:

"As a preliminary to this sale of its stock to the nation's investors, the directors of the bank plan to retire the $600,000 of preferred stock remaining outstanding; to declare a dividend of 11 1/9% payable in common stock to its common stockholders, and to establish a $1 per share annual cash dividend rate on the 300,000 shares of common stock to be outstanding after payment of the stock dividend.

"The success of the proposed offering should contribute to the further development of a national market for good bank stocks, according to Merrill Lynch, who last year made stock offerings of the First National Bank of Portland and the U. S. National Bank of Portland, Oregon.

"With the growth taking place in Tulsa's population and a substantial industrial expansion being experienced by the city, total resources of the National Bank of Tulsa rose from about $40,000,000 at the end of 1933 to approximately $71,000,000 at the end of 1940. Growth since 1940 has been accelerated with the most recently published total resources more than 50% higher than at the end of 1940. At the end of 1943 resources were $109,508,244 and deposits were $100,687,222. Net profits in 1943 were $595,000 compared with $484,000 in 1942, equal to $2.04 per share and $1.67 per share, respectively, on the 300,000 shares to be outstanding. As at Dec. 31, 1942, surplus was $2,700,000 and undivided profits $2,572,214.

A. V. McCall Partner Of New York Law Firm

Ambrose V. McCall, formerly Assistant Attorney General in charge of the New York State Stock Fraud Bureau, has become a partner in the law firm of Garey, Desvernine & Garey, 63 Wall St., New York City, it was announced on April 1 in the New York "Herald Tribune" of April 2, which also had the following to say:

"Mr. McCall served with the Bureau from March, 1931 to Dec. 31, 1942. While in that office he conducted many important investigations, including the investigation of the New York Curb Exchange, the Atlas Tack investigation on the New York Stock Exchange and the McKesson & Robbins case, which resulted in the identification of F. Donald Coster as Philip Musica.

"He also initiated and conducted the investigation of Richard Whitney & Co., resulting in the conviction of Richard Whitney."

THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

STATEMENT OF CONDITION, MARCH 31, 1944

RESOURCES

Cash and Due from Banks		$ 936,854,462.52
U. S. Government Obligations, direct and fully guaranteed		2,691,990,166.26
State and Municipal Securities		81,174,623.78
Other Securities		106,281,733.72
Loans, Discounts and Bankers' Acceptances		878,951,902.08
Accrued Interest Receivable		8,046,303.88
Mortgages		6,959,034.46
Customers' Acceptance Liability		5,393,702.29
Stock of Federal Reserve Bank.		7,050,000.00
Banking Houses		35,518,378.85
Other Real Estate		4,979,076.80
Other Assets		2,800,190.58
		$4,765,999,575.22

LIABILITIES

Capital Funds:		
Capital Stock. . . .	$111,000,000.00	
Surplus.	124,000,000.00	
Undivided Profits . .	43,106,954.55	
		$ 278,106,954.55
Reserve for Contingencies		9,390,275.66
Reserve for Taxes, Interest, etc.		6,763,731.42
Deposits		4,457,581,731.39
Acceptances Outstanding	$ 11,724,821.14	
Less Amount in Portfolio	5,771,791.63	5,953,029.51
Liability as Endorser on Acceptances and Foreign Bills		242,156.36
Other Liabilities		7,961,696.33
		$4,765,999,575.22

United States Government and other securities carried at $1,034,281,025.00 are pledged to secure U. S. Government War Loan Deposits of $832,817,443.23 and other public funds and trust deposits, and for other purposes as required or permitted by law.

Member Federal Deposit Insurance Corporation

Mutual Funds

"These Things Seemed Important"

A friendly and appropriate title indeed is the above heading which **Selected Investments Co.**, sponsor of **Selected American Shares**, has adopted for its new weekly four-page "Digest" of economic developments. Judging by the first issue of this new publication, it is going to win a lot of friends among investment dealers and their clients who like to get important economic and financial developments in short, readable, "digest" form.

Here are just two significant items from Vol. 1, No. 1:

"Cheap Labor"

"At a time when both the AFL and CIO are trying to break the 'Little Steel' wage ceiling formula it is natural to ask again how American business can hope to compete with low-priced foreign labor.

"One good answer is provided by Pacific Gas & Electric Co. in its annual report. PG & E says: 'Expressed in terms of energy, a kilowatt-hour of electricity is equivalent to 10 man-hours of labor.' The company charged its commercial and industrial customers less than 1¢ per kilowatt-hour, and its agricultural power customers an average of 1⅓¢ last year.

"On that basis, a kilowatt man-day of 12 hours would cost only 1⅕¢ to 1⅗¢. Not even coolie labor could compete with such costs. With cheap power and efficient plants, American industry can still pay high wages for skilled labor and compete effectively in international markets."

"Individual Savings"

"The U. S. Department of Commerce's preliminary estimate of the 1943 savings by individuals, as indicated in the above chart, was $33,600,000,000. The Securities and Exchange Commission, by a different method of computation, arrives at an estimate of $37,700,000,000. Whichever figure one prefers, it far exceeds anything that has happened in the past, and seems apt to be duplicated this year, if the war continues.

"These huge savings are going into bank deposits, Government bonds, money, reduction of private debt, etc. They represent a great backlog of post-war buying power which will be available for the purchase of autos, homes, farm equipment, household equipment and other things for which production is now restricted or completely eliminated."

STEEL SHARES

A Class of Group Securities, Inc.

Prospectus on Request

DISTRIBUTORS GROUP, INCORPORATED
63 WALL STREET—NEW YORK

* * *

Keystone Corp. reports that combined assets of the 10 **Keystone Custodian Funds** have reached a new high of more than $78,500,000, an increase of 45% from the total of approximately $54,000,000 reported a year ago at this time.

Total net assets of Keystone series "K1" amounted to $8,832,297 on Feb. 29, 1944, compared with $6,757,216 six months earlier.

A recent issue of **Keystone** champions "A Single Tax for Corporate Earnings." The bulletin points out that in former years, when corporate and individual tax rates were low, the present system of taxing the corporation on its earnings and then taking those earnings again when they are received as dividends by the investor did not work too serious a hardship.

Under former tax rates this unsound practice of double taxation took less than one-fifth of the earnings. On an $18,000-a-year income from corporate dividends today, with a corporate tax rate that may well be 80% and an individual rate of 52%, the double taxation takes more than nine-tenths of the earnings.

* * *

"I'll Buy the Same Stocks Myself" is **not** a wise procedure for the investor who follows the published portfolio changes of investment companies. **Hugh W. Long & Co.** makes this point in the current issue of the **New York Letter.** Comments the Letter:

"The changes shown in these lists have usually been made several weeks or even several months before publication. They may represent anticipation of business developments or price movements which have taken place in the interim. And, finally, they must be considered not as individual transactions but in relation to the portfolios of which they are a part.

"An investment company may sell an oil stock, not because it dislikes that stock, but simply to reduce slightly its overall oil holdings. Oil stocks may still represent one of its largest investments. An investor who sold his only oil security, thinking he was following the judgment of the investment company, would have miscalculated badly."

The Letter also presents the dividend and price record of **Fundamental Investors** in both tabular and chart form. A $10,000 investment in this fund at its inception on Jan. 2, 1933, would have shown a total result on March 1, 1944, of $25,354.50, including dividends paid during the period.

* * *

National Securities & Research Corp. has mailed to affiliated dealers a sample "Supervisory Sheet" of the type developed by the Economics and Investment Department for the purpose of maintaining vigilant portfolio supervision of the various funds sponsored by that organization. This Supervisory Sheet is noteworthy for the many visual tests and checks which it affords on the security in question.

Another interesting mailing to come from National Securities & Research Corp. this week is a suggested letter for dealers to use (with the prospectus) in offering **National Preferred Stock Series** through the mails. This letter is recommended by the sponsor in either a "long" (two-page) or "short" (one-page) form. Even the one-page letter is considerably longer than is usually considered suitable for direct mail work. However, there is nothing cut-and-dried in the use of such material and perhaps the very length and conservative tone of this letter will add to its effectiveness.

* * *

March 15, 1944, marked the 12th anniversary of **Boston Fund.** At the present time the assets of the fund amount to over $12,000,000 represented by some 708,000 shares outstanding in the hands of over 4,400 shareholders.

* * *

The recently publicized investment known as "Dollar Averaging" is applied to **Affiliated Fund** in the current issue of **Lord, Abbett's Abstracts.** Starting with a

(Continued on page 1418)

Send for Prospectus

Republic Investors Fund, Inc.

Distributing Agent
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Keystone Custodian Funds

Certificates of Participation in Trust Funds
investing their capital as follows:

SERIES
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Prospectus may be obtained from
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50 CONGRESS STREET, BOSTON, MASS.

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Prospectuses upon request

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Bill Proposes Alberta Provincial Bank

A bill for the formation of the Alberta Provincial Bank was introduced in the Alberta Legislature on March 20, it was indicated in Canadian Press advices from Edmonton appearing in the Toronto "Globe and Mail," which also stated:

"The bill provides for members of the Executive Council to become shareholders in the Alberta Provincial Bank, to the extent of $500,000, and to act as directors of the bank, exercising all powers and functions of directors, as required by the Bank Act.

"The bill also repeals the present Banking Powers Act, which was the basis of the Province's first application for a bank charter in 1940. A committee of the House of Commons at that time declared the bill 'unconstitutional.'"

Trading Markets:

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We offer, subject:

$500,000

Canadian National Railways
Dominion of Canada Guaranteed
4½% Bonds, Due July 1, 1957
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Price 118 and interest, yielding 2.86%

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Canadian Securities

By BRUCE WILLIAMS

The latest official figures relating to Canada's external trade emphasize once more the Dominion's growing status as a world creditor nation. During the first two months of this year, the value of this trade, exclusive of non-monetary gold, was $739,996,000 compared with $589,725,000 for the corresponding period in 1943.

For February alone the favorable balance was $90,897,000 as contrasted with $55,053,000 in February, 1943. It is interesting to note that Canada's present international trade volume is roughly equivalent to our own total for the immediate pre-war years.

One aspect of the Dominion's creditor position has given rise to a certain amount of controversy both here and in Canada. That is, the large proportion of the total that is represented by blocked sterling. Broadly speaking, any Canadian perturbation on this account can easily be dismissed. These currently frozen assets are part of Canada's favorable balance and can very well be converted into profitable sterling investments permitting further repatriation of Dominion debt to Britain, which has already been carried out to a considerable degree.

In answer to a recent thoughtless accusation that Canada is endeavoring to seek means of converting her frozen sterling into U. S. dollars and thereby to release such assets at the expense of this country, it can be stated that such an operation would be to our ultimate benefit.

Instead of Canada utilizing her favorable balance of trade in investment in Britain or by the purchase of British goods, if such surplus were converted into U. S. dollars, it would be immediately available for the purchase of goods in this country and would solve to some degree the vital post-war problem of finding markets for our war-expanded industrial production.

This leads us to a further thorny problem that should be tackled without further delay—the question of currency stabilization. The global schemes continue to meet with apathy almost everywhere and criticism from many quarters. The banking and commercial community throughout the world do not want to learn their business all over again in studying the mysteries of the bancor and the unitas. They understand and have faith in the long established currency media of gold, the dollar, and sterling, on which basis world commerce has effectively worked and prospered. The other currencies have always revolved around these orbits and can do so again.

CANADIAN BONDS

GOVERNMENT
PROVINCIAL
MUNICIPAL
CORPORATION

CANADIAN STOCKS

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Therefore, it is clear that if we wish to enter the post-war period fully prepared to reestablish and expand international trade, the only practical approach to the problem is the preliminary stabilization of the dollar and sterling on the basis of gold.

As frequently suggested the apparently insuperable problem of arriving at a working parity of the pound in relationship to the U. S. dollar can be solved by first restoring the Canadian dollar to parity with the U. S. dollar and then raising the value of the pound also 10%, thus establishing automatically the rate of the pound in terms of U. S. dollars. In conjunction with a loan to Britain on a proper commercial basis which would release world-wide blocked sterling and permit the purchase of U. S. goods, the adoption of this plan would give inter-

(Continued on page 1416)

TAYLOR, DEALE & COMPANY
64 WALL STREET, NEW YORK 5
WHitehall 3-1874

CANADIAN SECURITIES
Government · Provincial · Municipal · Corporate

A Post-War Tax Program

(Continued from First Page)

being of our population and raise the productivity of the nation as a whole.

The first thing that needs, therefore, to be said about a post-war Federal budget is that it should be a flexible one. One cannot talk intelligently, I feel, about the magnitude of post-war public expenditures or the volume of taxes that needs to be raised, without regard to the business cycle or without regard to the then prevailing level of private capital outlays.

In a forthcoming book on *State and Local Finance in the National Economy* (W. W. Norton and Company, New York), I have set forth four models of a post-war Federal budget varying according to different phases of the business cycle. At the one extreme, it is assumed that a strong private investment boom is under way, with inflationary tendencies. Under these conditions Federal taxes should exceed expenditures; my model for this situation provides a substantial budget surplus. At the other extreme, that of serious depression, useful and productive public expenditures, not wholly covered by taxes, should be made; in my proposed budget under these conditions a substantial Treasury deficit is assumed. Intermediate are two models, one of which provides for a balanced budget and the other a moderate deficit.

In this article I shall consider only these intermediate budgets since they are probably more useful for the purpose of introducing discussion about a post-war tax program. I assume in these two intermediate models a Federal budget (exclusive of the social security program) ranging from 19 to 21 billion dollars—roughly around 20 billion dollars. I was interested to note that my budget is very closely similar to that tentatively proposed by Senator Taft, as revealed in the columns of "The Commercial and Financial Chronicle" of March 9. He proposes a Federal budget of 18 billion dollars, social security excluded. His item for military expenditures is 5 billion dollars, while mine is 6 billion dollars. Possibly 5 billion dollars is sufficient for this purpose, in which case his budget and mine come still closer together. We both suggest 6 billion dollars for interest on the public debt, 2 billion dollars for veterans, and are not so very far apart on the other expenditures which include Government administration, public improvements and public works, social services (other than social security proper), and grants-in-aid to the localities. In point of fact, the main explanation for the difference between our budgets is that I suggest substantial Federal aid to the localities for urban redevelopment and for raising the level of public school education. The war once again has disclosed in an impressive way the educational deficiency of millions of our citizens. It is intolerable that so many American citizens should be functional illiterates. This is a national problem. Some States and localities do not have the fiscal capacity to provide the required necessary standard of education. Their outlays for education are intolerably low, yet it is a fact that they tax their people, in proportion to income, more heavily in support of education than do the richer States. They have not the financial means to provide the educational opportunities to which every American citizen is entitled.

But the subject matter of this article is taxes not expenditures. As I said above, in one of my intermediate models the budget (19 billion dollars) is assumed to be balanced, and in the other (21 billion dollars) there is a deficit of 3 billion dollars. In accordance with these models, the post-war tax structure should yield 18 to 19 billion dollars. How shall we raise this money?

Let me say that I am not discussing taxes in the transition period. It may well be that in the interim transition period, war-time taxes should in large part be retained. I am here addressing myself to more normal peace conditions.

It should first emphatically be said that we must have a drastic reduction in taxes from the war-time level. Excess profits taxes should be completely repealed and other tax rates should be reduced.

Omitting the payroll taxes (social security), which are here excluded, Federal taxes may broadly be classified in three categories: (1) Direct personal taxes (income, estate, and gift taxes); (2) Corporate income taxes, and (3) Excises and miscellaneous revenues.

The first problem relates to the relative merits of excises (selective sales taxes) on the one side, and income (corporate and individual) taxes on the other. There is, I think, growing agreement that consumption taxes are bad for business since they curtail the volume of mass purchasing power. On these grounds, general sales taxes ought to be excluded altogether under peace-time conditions. The same holds for the whole mess of selective excises, on all manner of products, which are currently on the statute books. These have decided merit in war-time, but should be completely eliminated in peace-time. How far we should go in reducing the excise taxes on alcoholic beverages, tobacco, and gasoline is a matter that will require much further study and should in part be determined by future developments. I would suggest, however, that we begin with a retention of these taxes, though with rates substantially lower than the war-time rates. Gasoline taxes ought I think, to be entirely reserved for the States. There would remain for Federal taxation alcoholic beverages and tobacco. At substantially lower rates than the present, 2 billion dollars may be raised from these sources. Another billion can be raised from customs duties and miscellaneous revenues combined. We account thus far, then, for 3 billion dollars of the 18 or 19 billion dollars desired.

Under this proposal then, 15 to 16 billion dollars would need to be raised from income taxes (personal and corporate) and from estate and gift taxes.

Should relatively greater reliance be placed on personal income taxes or on corporate income taxes? My answer is to go relatively light on business and corporate taxation and to rely mainly upon personal income taxation. It is my view that such a tax structure will be less restrictive on private investment and business expansion than one which weighs heavily on business and corporate income.

It cannot be denied that both corporate income taxes and the personal income tax (with graduated surtax rates) tend to restrict investment in new ventures. This unfavorable effect upon risk taking can, however, be very materially ameliorated by the provision for loss carry-back for two years and loss carry-forward for five years. I would urge generous loss offset provisions in order to minimize to the utmost extent the unfavorable effect of high tax rates upon risk taking and new investment. This argument applies to taxes both on corporate and personal incomes.

I would suggest that the current double taxation of dividends be eliminated. The plan which I suggest is an adaptation of the British method. The British method has sometimes been described as a tax exclusively on stockholders with no tax on the corporation at all. So described it means that all stockholders pay the standard rate on the earnings retained by the corporation, regardless of their income status, while they pay according to their income status (taking account of exemptions and the surtax rates) on that part of the corporate income distributed in dividends. In point of fact, the standard rate (applied to the entire corporate income) is deducted at the source and paid over by the corporation to the national Treasury. The individual stockholder is credited with the deduction at the source on the distributed part. If he is a low income person, he may, owing to exemptions, be entitled to a refund. If he is a high income person, he will have additional taxes to pay on the distributed dividends, according to the surtax rate.

Now the British system may equally well be described as a corporate tax, at the standard rate, on the undistributed earnings and an individual income tax on the distributed part of the corporate income. The deduction at the source is, of course, only an administrative feature and has nothing to do with the final distribution of the tax burden.

In England, the standard individual income tax rate (which applies to all taxable income in excess of the first £165) is very high —50%; with us it is low, the "basic" tax (which applies to all taxable individual income) being only 19%—6% so-called normal, and 13% for the first bracket applicable to all taxpayers. In view of our low "basic" rate, it is not possible to apply the "basic" tax to that part of the corporate income which is retained. To do so would give a grossly unfair advantage to corporations as compared with partnerships. I would suggest, therefore, (Plan A) a rate of 45% on the retained part of corporate income with no corporate tax whatever on the distributed part, the individual stockholder alone being taxed on this portion. As a convenient method of collection there could be deducted at the source the corporate tax on the retained earnings plus the "basic" individual rate on the distributed earnings, such deduction, however, being credited to the individual stockholder. Small corporations might be accorded a somewhat more favorable treatment.

Plan A (eliminating double taxation) would in fact prove to be a lighter tax on corporations in general than a 30% corporate tax

(Continued on page 1417)

THE
PHILADELPHIA
NATIONAL BANK

The Oldest and Largest Bank in Pennsylvania
Organized 1803

Statement of Condition, March 31, 1944

RESOURCES

Cash and due from Banks	$171,887,883.41
U. S. Government Securities	422,360,166.67
State, County and Municipal Securities . .	14,448,981.47
Other Securities	31,148,545.92
Loans and Discounts	94,882,036.07
Bank Buildings	2,200,000.00
Accrued Interest Receivable	2,548,369.84
Customers' Liability Account of Acceptances .	1,855,648.44
	$741,331,631.82

LIABILITIES

Capital Stock		$ 14,000,000.00
Surplus		21,000,000.00
Undivided Profits		15,113,754.91
Reserve for Contingencies		3,016,856.57
Reserve for Taxes		2,871,797.53
Dividend (Payable April 1, 1944)		875,000.00
Unearned Discount and Accrued Interest . .		154,973.70
Acceptances		2,296,494.17
Deposits		
United States Treasury .	$118,507,932.73	
All Other Deposits . .	563,494,822.16	682,002,754.89
		$741,331,631.82

Philadelphia, Pa.

Member of the Federal Deposit Insurance Corporation

Price Control During The Reconversion Period

(Continued from first page)

the last war, consumer goods prices would tend to soar, hurting all groups of consumers. Following the first World War, the wholesale commodity price level rose by 90 points!

Producers similarly want protection against a runaway rise in prices. This would raise their raw material costs. It would also lead to new demands for sharp wage increases that trade unions will endeavor to make permanent, regardless of the later course of commodity prices subsequent to the reconversion period.

But any continuation of price controls beyond the end of the war should be conditioned upon three basic principles. These are:

(1) Such controls should be continued only so long as absolutely necessary, i.e., only so long as the demand for consumer goods continues to outrun available supplies because of wartime influences. Donald M. Nelson, in a letter to Senator Maloney of Connecticut, said:

"If, with return of peace, we were to start out with the policy of planning our peace-time economy in detail, as we would have to do in order to prevent competition, we would do irreparable injury to the free enterprise system in the United States."

The spirit of this statement should guide price control in the post-war period. Arthur D. Whiteside, until recently head of the Office of Civilian Supply, proposed that a commission of business men decide which products would require price control, and which should be left free of control, **during a three-year period after the end of the war.** This would be one way to apply the principle so ably expounded by Mr. Nelson.

(2) Price control in the reconversion period should not be made the excuse for applying social reform theories.

One of the chief causes of friction between the Office of Price Administration and the people of the United States has been the persistent effort of one group within OPA to use wartime price control, a necessary measure, for ulterior purposes. For example, at one time the brain trust in OPA decided that price ceilings provided a means of ending the use of nationally-advertised brands and substituting for them standardized products that would be sold on the basis of Government grades. Now left-wing consumer groups had been agitating for Government-grade labeling for some time, as is their privilege, and we will doubtless hear more about this after the war. But it is not cricket to use a wartime emergency to foist upon people a "reform" that is highly controversial at best. That is how national Prohibition was imposed upon the people of the United States during the last war. They did not like the idea, and expressed their dislike at the polls later in no uncertain terms.

Unfortunately, the brain trust in OPA, and in the parent Office of Economic Stabilization, is not yet ready to abandon its quest for social reform under the guise of price control. Any fond belief to the contrary that people may have entertained was rudely shaken, when Judge F. M. Vinson, Director of the Office of Economic Stabilization, issued his amazing directive of Nov. 16, 1943. In that directive Director Vinson instructed OPA to allow a maximum profit of only 2%, **before taxes,** in readjusting prices of consumer goods. For example, when washing-machine manufacturers are allowed to resume production on a considerable scale, selling prices will have to be readjusted to reflect the higher labor and other costs that prevail today, as compared with the date when production was halted. The Vinson directive provides that a maximum profit of 2% **before taxes** can be allowed: If earnings **before taxes** on all the business of the manufacturer is double the 1936-39 level, **no profit at all may be allowed.**

Now such an extremely drastic profit-control policy is wholly inconsistent with our economic policy. The contract renegotiation officials of the Army and Navy allow profits which in some cases have exceeded 20%. Wage earners, farmers, and other groups in our civilian economy are in no case subject to a counterpart of this 2% rule. It can only be described as a social reform bearing no relation to any phase of our war policies except the antagonism of the actual author to the profit principles. He refuses to recognize that if maximum profits are going to be 2% **before taxes,** many manufacturers simply will not, because they cannot, make the investment and assume the risks connected with reconversion, that unemployment will result, and that agitation for large-scale public works and Government operation of private industry will be fostered.

(3) Price control in the reconversion period must not interfere with needed production.

In the long run, the surest antidote for the danger of inflation is more production. Once industries turning out consumer goods again produce at capacity, prices will take care of themselves, for supply will then surely catch up with demand. That happened during the boom of the '20s, and it will happen again during the period of prosperity we hope to enjoy after the war.

Through Government price controls, we seek to keep prices of raw materials, supplies, equipment and labor on an even keel, and so avoid an inevitable rise in prices for finished goods. Unfortunately, price controls have not operated perfectly, and they never will. Some costs have gone up, and where they have, it is necessary to readjust selling prices of finished products upward if we want to maintain production. This has been necessary in many instances during the war, but it will probably be far more necessary after the war, when the most rapid possible expansion of production is desired to end shortages and permit a return to free markets.

No discussion of price control in the reconversion period would be complete without reference to the Truman Committee findings. This Committee, in its annual report on its investigation of the national defense program, demanded a return to unrestricted civilian production as rapidly as possible and consistent with the war effort. Its members would leave it to manufacturers to determine for themselves what they are entitled to make after checking with the appropriate Government agencies as to manpower and materials available for the manufacture of civilian articles. The Truman Committee report recognizes the need for Government control over reconversion in complicated cases such as automobiles, washing machines and other products which require ball-bearings, electric motors and such items now on the critical list. But the Committee urges that industry be given its freedom as rapidly as possible. "Bureaucratic judgment" is opposed on the ground that if the war should have a long duration, there is danger of these directives becoming self-perpetuating. The report states that if this should occur "we would indeed have won the war and lost the peace."

This healthy and sane report would permit a manufacturer to make any article he desired to make and thinks he has the facilities to make, providing:

"(1) Basic commodities such as steel and aluminum that are required for manufacture are available in the shapes and forms required by him, and are not required for the manufacture of war or essential civilian items.

"(2) The proposed manufacturing operations are not undertaken in any area which the War Manpower Commission has classified as having an acute manpower shortage.

"(3) The manufacturer has not been offered a contract or subcontract for a war item, or notified by a war procurement agency that a contract probably will be offered him in the immediate future."

The production of essential civilian durable goods does not call for profit regulation such as is imposed in the Vinson directives. The Truman Committee's proposed policies would bring out the maximum production by manufacturers prepared to undertake production of essential civilian goods.

Overwhelmingly, the American people wish to return to free competitive enterprise with both production and price-making on a free and competitive basis. Can this be done best by such regimented quota production as the Vinson directives prescribe while the war continues or by adopting such free competitive production policies as advised by the Truman Committee? The Vinson policies will require regulation, policing and strict Government control. The Truman policies gradually will lift Government control and reintroduce freedom and individual ingenuity. The Truman policies seem best on every count.

The Baruch-Hancock report on War and Post-War Adjustment Policies may well prove the most significant of the blueprints prepared to guide the nation in the difficult reconversion period that lies ahead. This report laid down a fundamental recommendation that is wholly consistent with the three principles outlined above.

This recommendation is that: "Basic wartime controls must be retained as long as necessary, but all controls and the war agencies administering these controls should be liquidated when no longer necessary."

The Baruch report also warns that "where materials are in excess of military needs, civilian uses should be expanded. . . . This will release resources for a new balance of the program at a higher level. **Always the program must be kept in balance."**

Such a balanced program can be achieved only if price control is conducted so as not to discourage or stifle output of any essential consumer goods. Application of the Vinson directive in such a way as to make it impracticable for manufacturers of various consumer goods to resume production during the period that price controls are in effect would artifically distort the whole pattern of production during the transition era.

The policies and spirit of the Truman and Baruch reports light a clear path through the present darkness of uncertainty, which, if followed, will lead to the objective most desired by the majority of our people—an early return to free competitive enterprise. Following any other path may prove disastrous.

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BROWN BROTHERS HARRIMAN & CO.

PRIVATE BANKERS

NEW YORK BOSTON PHILADELPHIA

Statement of Condition, March 31, 1944

ASSETS

CASH ON HAND AND DUE FROM BANKS		$ 33,012,724.62
UNITED STATES GOVERNMENT SECURITIES . . .		52,514,532.10
STATE, MUNICIPAL AND OTHER PUBLIC SECURITIES		22,822,416.12
OTHER MARKETABLE SECURITIES		6,905,065.43
LOANS AND DISCOUNTS		39,709,312.68
CUSTOMERS' LIABILITY ON ACCEPTANCES		6,116,153.46
OTHER ASSETS		300,304.74
		$161,380,509.15

LIABILITIES

DEPOSITS—DEMAND	$135,865,271.31	
DEPOSITS—TIME	3,339,664.31	$139,204,935.62
ACCEPTANCES	$ 6,665,995.08	
LESS HELD IN PORTFOLIO.	131,060.93	6,534,934.15
ACCRUED INTEREST, EXPENSES, ETC.		113,693.44
RESERVE FOR CONTINGENCIES		1,981,393.09
CAPITAL	$ 2,000,000.00	
SURPLUS	11,545,552.85	13,545,552.85
		$161,380,509.15

U. S. GOVERNMENT SECURITIES PAR VALUE $700,000 ARE PLEDGED TO SECURE PUBLIC DEPOSITS AS REQUIRED BY LAW.

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Canadian Securities

(Continued from page 1414)

national commerce a flying start in the post-war era.

With regard to current financial events, the terms of the Sixth Victory Loan have just been issued. The minimum objective is $1,200,000,000 to be raised by the issue of 1¾% bond maturing May 1, 1947, and a 3% bond of June 1, 1960/57. The market during the past week was naturally under the influence of the impending new loan and activity was again at a minimum. Price movements were negligible. Direct Dominions were steady to firm but Nationals eased a trifle; provincials were quiet and largely unchanged although there was still a quiet demand for the short-term issues. There was a small turnover in the internal issues and the Canadian dollar in the "free" market remained motionless at 10 9/16% discount.

In looking forward to future developments, it has still to be borne in mind that the market should remain quiet while dealer attention is mostly occupied with Victory Loan activities.

The anticipated levelling off of prices generally after the rise of the beginning of the year has materialized but the price structure has not been affected to any notable extent. In a few weeks there will be a public issue of short New Brunswicks. The customary stimulus of a new issue, especially as these bonds will be suitable for commercial banks (a section of the market which has recently been showing a renewed interest in Canadian issues), could very well lead to a resumption of the interrupted market rise.

Interesting Situation

J. Roy Prosser & Co., 52 William Street, New York City, has prepared a circular on Shepard Niles Crane & Hoist Corporation, which the firm believes offers attractive possibilities. Copies of the circular may be had upon request from J. Roy Prosser & Co.

A Post-War Tax Program

(Continued from page 1415)

(Plan B) of the type we have been familiar with. Assuming—the statistical and analytical basis for this figure I cannot here explain—net corporate profits, prior to taxes, of 15 billion dollars after the war, Plan A (eliminating double taxation) could be expected to yield 4 billion dollars of corporate taxes, while Plan B (30% of all corporate income) would yield 4.5 billion dollars corporate income taxes.

Personal income taxes, designed to raise 10 billion dollars, would permit a very substantial reduction from the present tax rates. The effective rate on a $5,000 income in my schedule would be virtually cut in two from the current war-time rates. I would suggest raising exemptions to $800 for a single person and $1,600 for a married person, and a "basic" rate of 14% (including the present 6% normal tax with a first surtax rate of 8%). I assume post-war income payments to individuals at around 130 billion dollars. The net income of individuals after Federal taxes would, therefore, be 120 billion dollars or very substantially higher than in any former peace-time year. I believe gift and estate taxes might well be made to yield one billion dollars.

To sum up, then, personal direct taxes (income, death, and gift) would yield 11 billion dollars, corporation net income taxes 4 to 4.5 billion dollars, and excises and miscellaneous revenues 3 billion dollars. The main features of the program include:

1. Generous loss offsets carried back and forward in order to induce risk taking and new investment;

2. Major reliance on individual income tax;

3. Complete elimination of excess profits tax;

4. A sharp reduction in corporate income taxes along one of two lines, whichever is preferred:

   a. Elimination of double taxation with a 45% tax on the retained earnings and no corporate tax on the distributed earnings, *or*

   b. The type of corporate income tax with which we are familiar, with a 30% tax on the whole corporate income.

5. Elimination of all Federal excises except alcoholic beverages, tobacco, and customs duties.

What about State and local taxes? These I am compelled to discuss very briefly. I would suggest that State taxes be simplified along the following lines: Complete elimination of the chaotic mess of business taxes now common among the States. State taxes would then consist of the individual income tax, corporate income tax, inheritance tax, excises on alcoholic beverages, tobacco, gasoline and motor vehicles, and miscellaneous revenues. The States would need to raise in my proposed model about 4 billion dollars. This could be distributed as follows:

	Billions
Individual income tax	$0.5
Corporate income tax	0.6
Death duties	0.3
Alcoholic beverages	0.4
Tobacco	0.3
Gasoline	0.9
Motor vehicles	0.4
Miscellaneous revenue	0.5
	$3.9

The localities in my schedule would need to raise a little over 5 billion dollars. This might consist of the following:

	Billions
Property taxes	$4.1
Gasoline	0.4
Motor vehicles	0.2
Miscellaneous revenue	0.6
	$5.3

The gasoline and motor vehicle taxes referred to above would be collected by the States and shared with the local communities in the manner indicated in the State and local schedules as given.

Some intergovernmental transfers would, of course, be necessary. These I cannot go into in detail.

This, then, broadly is, it seems to me, the program that we ought to work toward. The reform of State taxation cannot quickly or easily be achieved. The whole problem of a properly integrated tax structure, Federal, State, and local, is tremendously complicated and the study of it should be undertaken at an early date by a competent and broadly representative national tax commission.

The tax program which I have suggested, it will at once be recognized, is very different from that proposed by Professor Lutz in his article in the "Commercial and Financial Chronicle" of Feb. 10, 1944. For Federal revenues he relies heavily upon consumption taxes which I regard as undesirable. He, moreover, suggests the elimination of a graduated Federal income tax and proposes instead a flat 5% rate on all individual incomes, collected at the source without exemption. The latter proposal runs counter to the well-nigh universal judgment of students of public finance over the last 30 or 40 years. It is, moreover, a proposal that I think would not be advanced by any responsible statesman in either of our major political parties nor would it be proposed in the platforms of either of our major parties. It violates the principles of equity and ability to pay. Moreover, it overlooks (what seems to me to be axiomatic) that personal income derived from great national corporations enjoying a *national* market should make its fair contribution to the support of national functions and national services. Professor Lutz does reserve the progressive income tax for States. However, since the more well-to-do reside mainly in a few States, though deriving their income from national corporations enjoying a national market, the net effect would be that progressive taxation could be used to support governmental functions only at the State level and not the governmental functions of the nation as a whole from which, in fact, their incomes are derived. This, it seems to me, is clearly inequitable and could be calculated to arouse violent opposition and regional conflict.

Professor Lutz has one element of flexibility in his program. He wishes to adjust from year to year his proportional Federal tax on individual incomes. On the other hand I have suggested that the "basic" Federal income tax rate be adjusted according to economic conditions. The difference between our proposals is that he wishes in depression periods to raise his rate in order to assure a balanced budget, whereas in depression I would wish to lower the rate in order to increase consumer purchasing power and sustain business activity. Professor Lutz is completely opposed to a compensatory fiscal program. What he proposes to do to meet a depression such as that which struck this country in 1929 and which caused the national income to fall to a half its former level inside of three years, I am not at all clear. Experience reveals that a fiscal program (such as he suggests) which balances the budget and retires the debt at the rate of one billion dollars a year *regardless of fluctuations in the cycle, may lead to disaster.*

It is, I think, a fair statement to say that both theoretical and practical students of the problem of business instability have come to believe that a compensatory fiscal policy is the most hopeful measure yet proposed to cope with depression. Other measures can and should supplement it. And can it seriously be doubted that governments will in fact be compelled to use, more or less, a compensatory fiscal program? I do not think that any administration will in the future permit the national income to fall in three years to half its former level without engaging in large expenditures. Unfortunately, it may be done clumsily and tardily owing to inadequate planning. Such expenditures would in large measure not be covered by current taxation. At other periods it will be necessary to exercise restraint, to balance or over-balance the budget. I find comfort in the self-discipline during the war. Imperfect as the record is, we have achieved substantial stability of prices and we have supported a heavy program of taxation. This indicates that it is not unreasonable to suppose that, also in peacetime, in the event of inflationary tendencies, democratic governments can prevent inflation. In war-time, such restraint must take the form of increased taxes, rationing, and price control. Expenditures cannot be reduced because the war must go on. In peace-time such restraint should take the form of a sharp curtailment in public works and capital expenditures, an increase in taxes, and indirect measures (such as FHA restraints on housing, consumer credit control, and the like).

The argument, sometimes made, that democratic countries cannot manage a compensatory fiscal policy, and therefore we should not undertake it, will not do. Whether we like it or not, governmental expenditures, borrowing, and taxes, on a large scale, *will* exercise a profound influence on our economic life. The only question is: Shall we permit their influence to be haphazard and chaotic, or shall we control them with a view to achieving a stable purchasing power of money, and high levels of income and employment? I do not believe we can escape this task. And it *is* the task of a rational and responsible fiscal program.

Interesting Situation

Steady and substantial growth in earnings of the "Utility Group" have increased the speculative attraction of both the Prior Lien and Plain Preferred stocks of New England Public Service Company according to a detailed circular on the situation prepared by Ira Haupt & Co., 111 Broadway, New York City, members of the New York Stock Exchange and other leading national exchanges. Copies of this interesting circular may be had from Ira Haupt & Co. upon request.

Attractive Situation

Empire Steel Corporation offers attractive possibilities according to a detailed memorandum being distributed by Hill, Thompson & Co., Inc., 120 Broadway, New York City. Copies of this interesting memorandum may be had upon request from Hill, Thompson & Co., Inc.

MANUFACTURERS
TRUST COMPANY

Condensed Statement of Condition as at close of business March 31, 1944

RESOURCES

Cash and Due from Banks	$372,935,411.55
U. S. Government Securities	864,450,079.74
U. S. Government Insured F. H. A. Mortgages	7,982,948.25
State and Municipal Bonds	22,350,953.85
Stock of Federal Reserve Bank	2,220,300.00
Other Securities	23,801,322.90
Loans, Bills Purchased and Bankers' Acceptances	335,440,681.66
Mortgages	13,216,354.24
Banking Houses	12,039,530.67
Other Real Estate Equities	1,771,182.51
Customers' Liability for Acceptances	4,539,639.49
Accrued Interest and Other Resources	4,832,997.58
	$1,665,581,402.44

LIABILITIES

Preferred Stock	$ 8,009,920.00	
Common Stock	32,998,440.00	
Surplus and Undivided Profits	48,703,589.94	89,711,949.94
Reserves		7,020,401.86
Dividend on Common Stock (Payable April 1, 1944)		824,959.50
Dividend on Preferred Stock (Payable April 15, 1944)		200,248.00
Outstanding Acceptances		4,905,976.40
Liability as Endorser on Acceptances and Foreign Bills		390,542.42
Deposits		1,562,527,324.32
		$1,665,581,402.44

United States Government and other securities carried at $216,211,924.58 are pledged to secure U. S. Government War Loan Deposits of $185,910,471.47 and other public funds and trust deposits, and for other purposes as required or permitted by law.

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Both Common and Preferred shares have a par value of $20 each. The Preferred is convertible into and has a preference over the Common to the extent of $50 per share and accrued dividends.

Mutual Funds

(Continued from page 1414)

regular monthly investment of $100 on April 1, 1940 (and reinvesting the dividends) the total amount invested was $4,800 on March 1, 1944. The total "offering price" value as of that same date was $7,593.04.

* * *

The current issue of **MIT's Brevits** points out that the widespread use of common stocks as an investment medium "was a well-developed phase of our American economy as early as the middle of the 19th century."

An example is cited in the business and investment career of John Perkins Cushing, who was one of Boston's famous China merchants. In 1828 Mr. Cushing returned from the Orient to Boston with $600,000 of capital which he turned over to the banking firm of Bryant & Sturgis for investment. By the time of his death in 1862 this fund had been increased to $2,435,941.

Concerning these developments Brevits makes the following comment:

"There are two things about Mr. Cushing's affairs which strike us as particularly worthy of note: (1) When Mr. Cushing returned from the Orient and was faced with the problem of investing his money in a field which was entirely foreign to his previous experience, he turned to a group of experts who had made a notable success in the investing of capital in the securities offered in the American markets; and (2) Mr. Cushing's investment advisers followed much the same policies which are inherent in the operations of a conservatively managed investment fund of the Boston Type, i. e., the absence of buying and selling securities solely for the purpose of taking quick **speculative profits** and the purchase of securities on a sound earning basis in concerns which are **meeting a developed need.**"

* * *

"Group Securities Is Growing," writes **Distributors Group** in a recent letter to affiliated dealers. Net assets of the fund are currently over $23,400,000 as compared with $18,107,409 as of the year-end.

Dividend

Keystone Custodian Fund "B2"—A dividend of 75¢ a share payable April 15 to stock of record March 31, 1944.

Keystone Custodian Fund "S3"—A dividend of 35¢ a share payable April 15 to stock of record March 31, 1944.

THE PUBLIC NATIONAL BANK
AND TRUST COMPANY OF NEW YORK
Main Office, 37 Broad Street

CONDENSED STATEMENT OF CONDITION
at the close of business, March 31, 1944

RESOURCES

•Cash and Due from Banks	$ 68,681,264.56
U. S. Government Obligations . . .	193,481,819.85
State, Municipal and Corporate Bonds .	8,568,160.26
Loans and Discounts	88,465,039.79
Customers' Liability under Acceptances	746,657.49
Banking Houses	2,009,045.80
Other Real Estate Owned	60,143.66
Federal Reserve Bank Stock	480,000.00
Accrued Interest Receivable	710,339.22
Other Assets	126,998.41
TOTAL	$363,329,469.04

LIABILITIES

Capital	$7,000,000.00	
Surplus	9,000,000.00	
Undivided Profits	3,572,738.40	$19,572,738.40
Dividend Payable April 1, 1944		150,000.00
Unearned Discount		262,260.96
Reserved for Interest, Taxes, Contingencies		2,454,493.06
Acceptances Outstanding	$1,417,767.75	
Less: Own in Portfolio .	399,873.15	1,017,894.60
Other Liabilities		184,236.12
Deposits		339,687,845.90
TOTAL		$363,329,469.04

Securities with a book value of $46,335,605.27 in the above statement are pledged to secure public and trust deposits (including U. S. War Loan deposits of $44,168,597.93) and for other purposes required or permitted by law.

MEMBER: N. Y. CLEARING HOUSE ASSOCIATION • FEDERAL RESERVE SYSTEM
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Municipal News & Notes

George Dempster, City Manager of Knoxville, Tenn., recently advised the Cumberland Securities Corp., Nashville, that the city does not intend to refund any more bonds under the 1942 program, and at the same time issued a statement giving results of the refunding accomplished up to Jan. 1 of this year. This showed that a total of $2,952,000 of bonds had been refunded, of which, according to report, $1,303,000 were obligations of the sinking fund.

The question of further refunding came to a head when the refunding agents, whose contract runs to next June, presented a list of $65,000 more bonds for exchange. City Treasurer W. H. Stapleton is reported to have disclosed that the sinking fund now has a cash balance of $175,000 and is to receive a further contribution this year of $112,000. The sinking fund, he said, is seeking desirable investments and does not desire to postpone payment of its obligations. This latter was in reference to the fact that of the $65,000 bonds referred to above, $22,000 were held by the fund.

In a letter to the bond house explaining the city's opposition to further refunding, the City Manager suggested that the bonds be sold to the city outright instead of being exchanged for new bonds of extended maturity dates. He also said that he would be interested in receiving a plan for refunding a "portion of the bonded debt of the city of Knoxville which will mean a saving to the city and not extend the maturity of any new bonds" beyond present due dates.

Ohio State Bridge Commission Reduced Debt By $421,000 Last Year

Although conditions were the worst in its history, the Ohio State Bridge Commission nevertheless was able to meet all of its obligations in full and on time in 1943, it was stated by Secretary-Treasurer and General Manager Ray Palmer in his annual report to Gov. John W. Bricker. The report, issued on March 24 last, declared that in the face of the full impact of gasoline and tire rationing, and the gradual wearing out of old cars, the Commission was able in 1943 to accomplish the following:

(1) Meet all obligations in full and on time.

(2) Reduce the outstanding bonded debt on the four bridges operated by the Commission to the extent of $421,000.

(3) Reduce operating expenses to the lowest level for any year since the Commission has operated the bridges.

(4) Non-operating expenses (interest on bonds, etc.) lowest in the Commission's history.

(5) All of the necessary bridge maintenance work was carried out as usual.

(6) Effected a further reduction of $300,000 in the State of West Virginia's assessed valuation of Ohio's bridges, and an additional saving of $6,032 in taxes.

The $421,000 bonds retired during the past year were as follows: $125,000 each on Sandusky Bay Bridge and East Liverpool-Chester Bridge; $90,000 on Steubenville-Weirton Bridge, and $81,000 on Pomeroy-Mason Bridge. The following are excerpts from Mr. Palmer's report:

At the end of 1943, two of the Commission's bridges — Sandusky Bay Bridge and Steubenville-Weirton Bridge — had in their sinking funds balances almost large enough to meet the bonds maturing next October in amounts of $125,000 and $90,000, respectively. There are no fixed annual maturities on the Pomeroy-Mason Bridge, but indications were that the Commission would be able to pay off an additional $24,000 of bonds on this bridge April 1, 1944. Such retirement will reduce the outstanding bonds of the Pomeroy-Mason Bridge to $175,000, exactly half the original purchase price.

Of the four bridges, the East Liverpool-Chester Bridge presented the only drab scene in an otherwise bright picture. A sudden, but unexpected, increase in auto travel is the only thing that can provide the funds to meet the 1944 bond maturities on this tourist-travel bridge; however, the General Assembly wisely took steps to prevent any default in the East Liverpool-Chester bonds by providing for a loan from the State Emergency Fund in an amount up to $150,000.

The end of 1943 saw 66% of the bonds issued to buy the Sandusky Bay Bridge paid off. 52% of the Steubenville - Weirton Bridge bonds, and 43% of the Pomeroy-Mason Bridge bonds retired. The East Liverpool-Chester Bridge, acquired in 1938, two years after the others, has 21% of its bonds paid.

Bond retirement at the end of 1943 was as follows:

(In thousands of dollars)

	Original Issue	Bonds Paid Off	Bonds Outstanding
Sandusky Bay	$1,925	1,269	656
Steubenville-Weirton	1,600	845	755
E. Liverpool Chester	2,135	560	1,575
Pomeroy-Mason	350	151	199

Total income of the Bridge Commission in 1943 was $583,487, as compared with $727,281 in 1942; $906,199 in 1941 and $877,616 in 1940.

Operating expenses were $152,017 in 1943 as compared with $181,986 in 1942; $161,977 in 1941, and $166,617 in 1940.

Non-operating expenses (mainly interest on bonds) was $67,924 in 1943, as compared with $79,765 in 1942; $95,827 in 1941, and $273,425 in 1940.

Reserve funds on all four bridges at the close of 1943 were the largest they have ever been. During the year, the Sandusky Bay reserve fund increased from $22,501 to $46,501. The Steubenville-Weirton reserve fund increased from $26,395 to $50,395. The East Liverpool-Chester reserve fund increased from $23,192 to $41,192. The Pomeroy - Mason reserve fund increased from $12,625 to $17,291.

The grand total of all funds on hand at the close of the year 1943 was $506,696, as compared with $559,294 at the end of 1942.

CHARTERED 1853
United States Trust Company of New York

Statement of Condition March 31, 1944

RESOURCES

Cash in Banks	$ 27,665,687.16
Loans and Bills Purchased	28,825,414.21
United States Government Obligations .	83,497,287.50
State and Municipal Obligations . .	7,361,760.93
Other Bonds	3,275,000.00
Federal Reserve Bank Stock	840,000.00
Real Estate Mortgages	4,228,517.58
Banking House	1,700,000.00
Accrued Interest Receivable	428,954.10
Total	$157,822,621.48

LIABILITIES

Capital Stock	$ 2,000,000.00
Surplus	26,000,000.00
Undivided Profits	2,387,567.73
General Reserve	800,744.62
Deposits	125,305,606.80
Reserved for Taxes, Interest, Expenses, etc.	1,026,647.05
Unearned Discount	2,055.28
Dividend Payable April 1, 1944 . . .	300,000.00
Total	$157,822,621.48

$42,855,000 par value of United States Government and other securities are pledged to secure public deposits and for other purposes required by law.

Member Federal Reserve System
Member New York Clearing House Association
Member Federal Deposit Insurance Corporation

Soviet Govt. Renews Japan's Fishing Pact

Under date of March 30, Associated Press advices from Moscow, said:

The Soviet Union renewed its fisheries pact with Japan, granting to Japanese companies the rights to fish in Russian Far Eastern waters.

The 1943 pact expired Dec. 31 and a renewal has been under negotiation since that time.

The signature indicated that Soviet-Japanese relations, which are based on the 1941 treaty of neutrality, remain unchanged. Last year's fishing agreement also was signed in March.

Huff Geyer News Review

The current "News Review," issued by Huff, Geyer & Hecht, 67 Wall Street, New York City, contains interesting information on several insurance situations which appear attractive at current levels and also comparative 1943 operating results for insurance companies. Copies of the "Review" and also a detailed circular on Home Insurance Company may be had from Huff, Geyer & Hecht on request.

Current Results Of Poll On 5% Mark-Up Policy

(Continued from page 1403)

NASD constitution and by-laws by foisting the philosophy on its members?

It did not add up. We determined to eradicate all doubt and to ascertain the facts as they are, and therefore, decided to conduct a poll. We sent a ballot (copy appears at end of this article) to each and every member of the NASD.

Up to press time (April 5), these are the results:

RETURNS FROM NASD MEMBERS

Total Ballots Returned			781
Number Favoring 5% Rule	139	or	17.8%
Number **Opposed** to 5% Rule	642	or	82.2%

A similar ballot was sent to all over-the-counter dealers who are not members of the NASD. It was headed, "A Personal Message to all Investment Dealers."

RETURNS FROM NON-MEMBERS

Total Ballots Returned			188
Number Favoring 5% Rule	11	or	5.8%
Number **Opposed** to 5% Rule	177	or	94.2%

What do Mr. Ralph Chapman and Mr. Albert E. Van Court say now? Here are some other interesting results:

DO YOU DO A RETAIL BUSINESS?

Total Answering Affirmatively			722
In Favor of 5% Rule	127	or	17.6%
Opposed to 5% Rule	595	or	82.4%
Total Answering Negatively			45
In Favor of 5% Rule	6	or	13.3%
Opposed to 5% Rule	39	or	86.7%

DO YOU EMPLOY SALESMEN?

Total Answering Affirmatively			479
In Favor of 5% Rule	94	or	17.6%
Opposed to 5% Rule	385	or	82.4%
Total Answering Negatively			284
In Favor of 5% Rule	38	or	13.4%
Opposed to 5% Rule	246	or	86.6%

DO YOU ACT PRIMARILY AS BROKERS OR DEALERS?

Total Acting As Dealers			401
In Favor of 5% Rule	64	or	15.8%
Opposed to 5% Rule	337	or	84.2%
Total Acting As Brokers			104
In Favor of 5% Rule	20	or	19.2%
Opposed to 5% Rule	84	or	80.8%
Total Acting as Both Dealers & Brokers			187
In Favor of 5% Rule	41	or	22%
Opposed to 5% Rule	146	or	78%

ARE YOU PRIMARILY DEALERS IN U. S. GOVERNMENT OR MUNICIPAL BONDS?

Total Answering Affirmatively			44
In Favor of 5% Rule	4	or	10%
Opposed to 5% Rule	40	or	90%
Total Answering Negatively			626
In Favor of 5% Rule	117	or	19%
Opposed to 5% Rule	509	or	81%

In the light of the above results which demonstrates conclusively the overwhelming sentiment of those engaged in all phases of the business against the 5% mark-up policy of the NASD, will anyone ever again have the effrontery and temerity to assert what Mr. Chapman and Mr. Van Court heretofore set forth to be the facts?

It must be clear that those few people who are autocratically running the affairs of the NASD knew that the submission of that "philosophy" to the membership of the Association would inevitably have meant the permanent burial of the 5% mark-up rule, with a vast majority of NASD members acting as honorary ballbearers by their votes.

Here and now the SEC and the NASD have a true guide to go by. The real sentiment, the real reaction of over-the-counter dealers to this outrageous and un-American "philosophy" has been made known beyond peradventure.

With this knowledge, no excuse can any longer exist for the failure of the NASD and the SEC to abolish the "5% spread rule."

COPY OF BALLOT

A PERSONAL MESSAGE TO ALL NASD MEMBERS

We are anxious to learn the exact facts regarding the attitude of security dealers toward the "5% spread rule" of the National Association of Securities Dealers and for this reason we are mailing this questionnaire to every dealer in the United States.

Therefore will you please be good enough to check the "Yes or No" and answer the queries in the space below to enable us to ascertain how many dealers favor the 5% Mark-Up Limitation Rule and how many do not favor it.

A Business Reply Envelope is enclosed for your convenience.

HERBERT D. SEIBERT,
Editor and Publisher

YES, we favor the "5%Mark-Up" Rule ☐
NO, we do not favor the "5% Mark-Up" Rule ☐
Are you a member of the NASD?_______________
Do you do a retail business?___________________
Do you emply salesmen?_______________________
Do you act primarily as brokers or dealers?________
Are you primarily dealers in U. S. government or municipal bonds?________________________

NAME and ADDRESS OPTIONAL

____

Chicago Stock Exchange "Special Offerings" Plan Declared Effective By SEC

The Securities and Exchange Commission announced on March 27 that it had declared effective a plan of the Chicago Stock Exchange for "Special Offerings." The Commission states that the effect of the action taken by it "will be to exempt distributions conducted in accordance with the plan from rules of the Commission prohibiting the payment of compensation for inducing purchases on the Exchange under certain conditions." The Commission also says:

"The Chicago Stock Exchange is the sixth National Securities Exchange to file and to have declared effective by the Commission a plan for special offerings. The plan of the Chicago Stock Exchange is generally similar to the plans heretofore declared effective for the New York Stock Exchange, New York Curb Exchange, San Francisco Stock Exchange, Philadelphia Stock Exchange, and the Detroit Stock Exchange.

"The Chicago plan differs from the other plans principally in its provisions relating to offerings of stocks traded on that Exchange which are neither listed nor have a primary market on a New York Exchange. In offerings of local stocks, the Chicago plan permits a higher scale of special commissions to be paid by the offeror and permits offerings of smaller blocks of stock. Also, in the event buying orders exceed the amount available in offerings of local stocks by the offeror on a principal basis, a maximum of 25% of the offered stock may, under certain conditions, be first allocated to the offeror to fill subscriptions for the account of his customers."

DIVIDEND NOTICES

NATIONAL DISTILLERS PRODUCTS CORPORATION

The Board of Directors has declared a regular quarterly dividend of 50¢ per share on the outstanding Common Stock, payable on May 1, 1944, to stockholders of record on April 15, 1944. The transfer books will not close.

THOS. A. CLARK
March 23, 1944 TREASURER

THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY

New York, N. Y., March 27, 1944.

The Board of Directors has this day declared a dividend of One Dollar and Fifty Cents ($1.50) per share, being Dividend No. 125, on the Common Capital Stock of this Company, payable June 1, 1944, to holders of said Common Capital Stock registered on the books of the Company at close of business May 5, 1944. Dividend checks will be mailed to holders of Common Capital Stock who have filed suitable orders therefor at this office.

D. C. WILSON, Assistant Treasurer,
120 Broadway, New York 5, N. Y.

MEETING NOTICE

CANADIAN PACIFIC RAILWAY COMPANY

Notice to Shareholders

The Sixty-third Annual General Meeting of the Shareholders of this Company, for the election of Directors to take the places of the retiring Directors and for the transaction of business generally, will be held on Wednesday, the third day of May next, at the principal office of the Company, at Montreal, at twelve o'clock noon.

The Ordinary Stock Transfer Books will be closed in Montreal, Toronto, New York and London at 3 p. m. on Tuesday, the eleventh day of April. The Preference Stock Books will be closed in London at the same time.

All books will be re-opened on Thursday, the fourth day of May.

By order of the Board.

F. BRAMLEY, *Secretary*.
Montreal, March 13, 1944.

Attractive Situation

Capital stock of Pollak Manufacturing offers interesting possibilities, according to a detailed discussion of the situation prepared by Raymond & Co., 148 State Street, Boston, Mass. Copies of this study may be had upon request from Raymond & Co.

N. Y. Bank Stocks Interest'g

Laird, Bissell & Meeds, 120 Broadway, New York City, members of the New York Stock Exchange, have issued an interesting comparative analysis of leading New York City Bank stocks. Copies of this analysis may be had from the firm upon request.

J. P. MORGAN & CO.
INCORPORATED
NEW YORK

Condensed Statement of Condition March 31, 1944

ASSETS		
Cash on Hand and Due from Banks		$148,129,047.19
United States Government Securities, Direct and Fully Guaranteed		524,831,104.13
State and Municipal Bonds and Notes		20,922,067.64
Stock of the Federal Reserve Bank		1,200,000.00
Other Bonds and Securities (including Shares of Morgan Grenfell & Co. Limited)		8,523,797.60
Loans and Bills Purchased		94,937,809.20
Accrued Interest, Accounts Receivable, etc.		3,045,947.90
Banking House		4,000,000.00
Liability of Customers on Letters of Credit and Acceptances		3,561,457.38
Total Assets		$809,151,231.04
LIABILITIES		
Deposits	$752,059,361.77	
Official Checks Outstanding	8,605,691.60	$760,665,053.37
Accounts Payable and Miscellaneous Liabilities		1,823,096.21
Acceptances Outstanding and Letters of Credit Issued		3,561,457.38
Capital	$20,000,000.00	
Surplus	20,000,000.00	
Undivided Profits	3,101,624.08	43,101,624.08
Total Liabilities		$809,151,231.04

United States Government securities carried at $191,827,840.82 in the above statement are pledged to qualify for fiduciary powers, to secure public monies as required by law, and for other purposes.

Member Federal Reserve System
Member Federal Deposit Insurance Corporation

DIRECTORS

THOMAS W. LAMONT
Chairman

R. C. LEFFINGWELL
Chairman Executive Committee

GEORGE WHITNEY
President

HENRY C. ALEXANDER
Vice-President

ARTHUR M. ANDERSON
Vice-President

I. C. R. ATKIN
Vice-President

*H. P. DAVISON**

CHARLES D. DICKEY
Vice-President

*THOMAS S. LAMONT**

W. A. MITCHELL
Vice-President

*JUNIUS S. MORGAN**

ALFRED P. SLOAN JR.
Chairman General Motors Corporation

E. TAPPAN STANNARD
President Kennecott Copper Corporation

JAMES L. THOMSON
Chairman Finance Committee Hartford Fire Insurance Company

JOHN S. ZINSSER
President Sharp & Dohme Inc.

* *On active service in the armed forces.*

April 4, 1944.

L. V. Murphy Joins Steiner, Rouse & Co.

Steiner, Rouse & Co., 25 Broad St., New York City, members New York Stock Exchange, and other Exchanges, announce that Lester V. Murphy has become associated with them as manager of their Industrial Research Department. Mr. Murphy was formerly associated with Standard & Poor's Corporation as an account executive.

Griffis Named Chairman

Stanton Griffis, member of the firm of Hemphill Noyes & Company, 15 Broad Street, New York City, was elected Chairman of the Executive Committee of the Lee Tire and Rubber Company.

RR. Dividends and Net Compared

Vilas & Hickey, 49 Wall Street, New York City, members of the New York Stock Exchange, have prepared an interesting tabulation of railroad dividends compared to net income for the last three years for the leading, solvent Class I railroads. Copies of this interesting tabulation may be had from Vilas & Hickey on request.

Barbier In Trading Dept. Of G. A. Saxton

Leslie Barbier, formerly with Hornblower & Weeks has become associated with G. A. Saxton & Co., Inc., 70 Pine Street, New York City, in their trading department.

Tomorrow's Markets Walter Whyte Savs——

(Continued from page 1408)

ers crawled in its wake. But so far as instigating any move themselves, they weren't interested.

* * *

In the last two days the picture has changed. Not so much by deed as by implication. At this point I'm stymied. I sense certain things in current market action I find almost impossible to put my finger on or to explain in understandable terms. The technician will understand when I speak of relative action. Reduced to simplest terms, it means the relation of one stock to another; the groups to each other and the groups to the market. The clue is in negative rather than in positive terms. If the market goes down and a stock or group goes down with it, that's normal. There's nothing significant there. But if the market goes down and the stock in question goes down less than the component parts of the group. or even stands still, a clue has been given. This is the case with the leaders at this writing. But that these same leaders can go lower before they turn up most also be allowed for. Yet, in the analysis based on the past few days' action, it is the leaders, Chrysler, General Motors, General Electric, Anaconda, Kennecott, and even that plug, Westinghouse Electric, which give indications of significance.

Last week I recommended a list of stocks. Some of them became available, one even (American Car & Foundry) not only got down to buying level but broke its stop price by an eighth. Of this list here are the ones you could have bought and their prices: J. I. Case bought at 36, stop 34. United Aircraft at 28, stop 27½. Servel bought at 18, stop 16¾. Up to this writing, the other stocks in the list are still above the "buy" point. Suggest you read last week's column for the complete list.

* * *

I haven't changed my mind on long-pull stuff. The above stocks are recommended only as speculations. The long-term picture, as I see it, is still grey. I don't, for example, share the grandiose ideas of the post-war world and its pie in the sky philosophy. Of the statements of the tremendous business to be done once peace is signed, most can be attributed to wishful thinking. But whatever the long-term picture, it will take care of itself. Right now, I'm interested in the immediate future. And the immediate future shows a rally with the leaders acting as leaders—for once.

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

PHILCO
WPTZ

PHILCO, THE LEADER ... AND TELEVISION!

Much is being said today in the public and trade press about Television, the "billion dollar industry" of the future. Where will Philco, the industry leader, stand when Television is here for the public to enjoy and dealers to sell?

Since 1928, for sixteen years, Philco engineers have devoted millions of dollars to research in the field of television. More than any other research group, they have been responsible for constant improvement in the clarity, sharpness and detail of the television picture. Their pioneer contributions have helped to bring television to maturity, ready for rapid expansion after the war.

In this and many other directions, Philco has been in the forefront of the developments that make television a bright hope for the future as a source of home entertainment and as a business. As it becomes a reality, you can depend on Philco to fulfill the obligations of leadership.

PHILCO TELEVISION STATION WPTZ

Since 1933, Philco has owned and operated its own television station in Philadelphia, sending out studio programs and sports events direct from the scene. It has also rebroadcast programs from New York, establishing the technique upon which future television chains can be built. All this has been a rich laboratory of experience through which Philco engineers will help to make television, some day, a nationwide service.

PHILCO
CORPORATION

LAMBORN & CO.
99 WALL STREET
NEW YORK 5, N. Y.

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N. Y. Cotton Exchange Bldg.
NEW YORK 4, N. Y.

CHICAGO DETROIT PITTSBURGH
GENEVA, SWITZERLAND

How Much Inflation?

(Continued from first page)

By LEWIS H. HANEY

price movements.

Inflation can exist without prices rising. By "prices," one ordinarily means commodity prices as measured by price indexes. Anyone who really "lives" today, knows that the cost-of-living index does not really measure commodity prices. Moreover, it is not true that all prices are represented by commodity prices, and inflation may find expression in prices other than the prices of commodities, as I will soon show. (Probably there is no particular reason for expecting inflation to show a direct correlation with the prices of any particular objects, unless it be, (1) with a standard money material, say gold, and (2) with highly liquid government bonds. Probably the price of gold and the price of liquidity will always be affected by inflation.)

My main point in emphasizing the lack of necessary relationship between prices and inflation, is that it follows that inflation can not be stopped by holding prices down—not even if all prices could be held down, which is never the case.

Consider, in passing, the technique that has been used, during the years since 1932, for the purpose of preventing the growing inflation potential from becoming effective. First, the government went off the gold standard, thus making it possible to mark up the so-called price of gold without that price having any relation to other prices. Then, by devious ways, to an ever increasing extent, the government adopted means of keeping liquid assets from being really liquid. In a sense, it is true that both idle men and idle money are "liquid." The trouble is that they are frozen in their liquidity! The technique of the government in preventing investors from putting their money into capital goods may have in a sense kept their money liquid, but certainly it has kept it from getting into anything solid.

Then came the war. A new technique has been adopted. This is characteristic of all so-called "war economies," in which so-called liquid assets of the people are collected through taxes and high pressure bond sales, and then turned into smoke.

Potential Inflation vs. Effective Inflation

In all this discussion, it is my judgment that we must distinguish between potential inflation and effective inflation. Potential inflation is any condition which gives rise to a **tendency** toward a reduced value of the currency. This tendency may be the result of increasing the quantity of credit currency, or it may be the result of reducing the security for the existing currency. For example, whenever we find a large increase in greenbacks or in bank deposits without any increase in the assets directly associated with those liabilities, **potential** inflation exists. This is the more obvious if the increase in the notes or deposits is one which does not automatically tend to be reduced through some self-liquidating process, as is the case when it can be said that their supply is "inelastic."

But this condition of **potential** inflation, which is now enormously developed in the United States as elsewhere in the world, need not become **effective** in prices. Especially it need not become effective in the prices of any **particular group** of commodties, or any **commodities** at all. When it does, our price indexes rise and there is a reduced purchasing power of the currency, which is referred to as currency depreciation. When this depreciation is the result of potential inflation as previously defined, it may correctly be called "effective inflation."

Three Different Cases of Effective Inflation

The foregoing distinction between potential inflation and effective inflation will become clearer and more significant when it is illustrated by statistical data with which most of you are doubtless familiar in a general way. The chart which I present extends from 1919 down to the end of 1943. It presents no detail, for the simple reason that it is designed to bring out the general fact that there have been three great periods of inflation since World War I, each one of which has represented a different sort of effective inflation, although back of all there lie the same characteristic conditions of inflation potential.

At once you will observe the three peaks, one in 1920, one in 1929, and one in our own day. The first peak shown by the heavy, solid line represents the Bureau of Labor Statistics index of **commodity** prices. It rose to a great altitude in 1920, fell sharply in 1921, and has not since returned to the high levels of the first post-war period.

Now note the next peak. It is fully as high and fully as significant as the peak of **commodity** prices reached in 1920. At the time that this second peak occurred, however, commodity prices were actually declining. The second peak is the peak in the stock market attained in 1929. Enough said—except that if time permitted a word might be added to remind you that there were other peaks in Straus bonds, Florida real estate, and the like. Thus **we had one of the most notable and exciting periods of inflation in the country's history at a time when commodity prices were relatively low and declining!**

The third peak, shown in the heavy red line, comes at a time when neither commodity prices nor stock prices are high in comparison with their earlier performances. To cut the matter short, the effective inflation of the present day comes not in the price of commodities nor in the price of stocks, but chiefly in the price of **labor.** The red line is factory payrolls; but it well represents the price of labor, as is shown by the fact that the dotted red line (which is the ratio of factory payrolls to factory employment) runs practically parallel with it.

One might add that there are as usual other areas of inflation which do not show in the ordinary commodity indexes. It is notable that the price of farm land is today inflated in the same way, and to about the same extent, that it was following World War I.

Thus **effective** inflation is rather a matter of detail, and it may find expression now in one form and now in another. The common factor which lies under these phenomena is the "potential inflation" to which I have referred. It is the development of excessive credit, which reduces the value of money, no matter how that value may be concealed through controls over the use of money.

It is of some interest to note signs of this common factor in the broad swings of bank debits. You will observe how the high and low points of bank debits (large orange dots) in a general way fit the three periods of effective inflation, no matter whether the effect appears in commodity markets, stock markets, or labor markets. Bank debits reflect all sorts of prices, including the price of labor.

Still more fundamental as a manifestation of the inflation potential is another set of points which I hope you will be able to distinguish on the chart. (These are the large purple dots.) They show the trend of the **funds in the hands of the public.** Thus when we take, say, October, 1943, and find that the sum of the deposits of the reporting member banks, the money in circulation, and the Government bonds in the hands of the public, totals about 138 billion dollars, we have a gross figure which some people may call liquid assets. (If we take the loans and add to them the **banks'** investments in Government securities, we get a figure of 49-odd billion dollars, which is something to deduct from the gross funds. The balance of 88-odd billion dollars would represent net funds available for spending.) This represents a condition of what we may call superliquidity or hyper-liquidity, take your choice. Whichever term you prefer, about all it means is that a very low temperature has to be created at Washington in order to keep the **liquid** from spilling around.

As appears on the chart, the amount of funds, which is very crudely computed by me, follows roughly the great cycles of effective inflation which are shown in the various price curves.

How Much Inflation?

Now at last I can tackle the problem of the evening, namely, How Much Inflation?

It seems to me that it follows clearly from the analysis I have presented that the question must be broken in two. It becomes: (1) How much potential inflation? (2) How much effective inflation? Of the two, the potential inflation is in reality the more important.

I would say that the quantity of potential inflation is to be known by the **excess of claims, in the shape of debts or financial liabilities, over and above what can be liquidated in any ordinary period of time without any abnormal disturbance of the price level.**

One test would be to inquire into the possibility of using all the available credits without any effect on the general price level, thus really testing their liquidity. Is there a person in this room who has any question that if the bank deposits now available were to "turn over" at anything approaching an ordinary rate there would be a rapid rise in prices?

Or one might test the inflation potential by inquiring into the possibility of liquidating all the debt that exists at a given time without any change in the purchasing power of the money in which the debt is expressed. Does anyone in this room for a moment have any idea that it would be possible to liquidate the public debt already outstanding in this country in any ordinary period of time without there being a depreciation in the currency? (This would serve to do what is always called in such cases "lightening the burden of debt.")

A very useful, practical test of potential inflation is found in the question, To what extent are demand deposits "derivative"?; that is, to what extent are they self-liquidating, being based on productive commercial loans? To the extent that deposits build up without regard to truly liquid assets, these deposits may be **called** "liquid," but they cannot be liquidated!

Another similar test is to inquire whether the bonds, or funded debt load, can be carried without inflating national income. Read the papers. Listen to the speeches. What is the answer? In all official quarters, and some others, we hear it said that in order to meet the carrying charges on the already existing public debt it will be necessary to have a national income of—well whatever your favorite number of billions may be! That is what I mean by inflation. And the howmuchness of it may be measured by the difference between what the national income was, and what it must be in order to carry the excessive burden of debt.

Can Further Effective Inflation Be Avoided?

What are the chances of making good the so-called "liquid assets," which I have called potential inflation, without the potential inflation becoming effective in higher commodity prices? Frankly, it is my judgment that the chances are nil. Some of my reasons are as follows—and believe me it would not be possible in a single evening to state all the reasons that might be given.

First, there is the enormously inflated price of labor which is not adjusted to the general price structure. This adjustment, I think, can occur under our political system only through a further rise in commodity prices which will serve to deflate the money wage of labor. Second, there is the relatively depressed price level of the group of "semi-finished" commodities.

Aside from this approach, however, I would stress the number of factors of an intensely practical nature which bear upon the immediate post-war outlook. These are as follows:

(1) The United States is now really a debtor nation, and, aside from lend-lease arrangements, is a net importer of goods. Lend-lease obligations are not payable in dollars. We are actually losing gold. The general moral is that a debtor nation strongly tends to accept inflation in some form or other.

(2) It seems to me a foregone conclusion that any tendency of prices to rise, particularly if accompanied by any signs of a trend toward devaluation, will cause foreigners to cash in their dollar balances and bond holdings. Already, I think, there are symptoms in the tendency of gold to flow out at an increasing rate. Foreign deposits seem to amount to at least 2½ billion dollars, and earmarked gold to at least 4 billion more. Thus our reserves are not what they seem.

(3) The redemption of bonds held by corporations and individuals will force the Treasury to rely upon the commercial banks to a considerable extent. Bank loans on Government securities have already shown a tendency to grow. No one denies that when the banks become admittedly the necessary fiscal agencies of the Government in carrying its debt, a condition of inflation exists.

(4) The post-war expansion of commercial bank loans is another foregone conclusion. One of the notable developments of the present war has been the tendency to **reduce** private debts, farm debts, corporation debts and instalment credit. With the post-war period of expansion bound to come sooner or later, there will

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HER BIGGEST JOB IS WAR

There has never been a time when the work of the telephone operator has been so important as right now.

For there are more Long Distance calls than ever before. More are in a hurry, particularly the urgent calls of war.

Calm in emergencies, capable and courteous, the telephone operators are earning a nation's thanks for a job well done.

When you're calling over war-busy lines, the Long Distance operator may ask you to "please limit your call to 5 minutes." That's to help more calls get through during rush periods.

BELL TELEPHONE SYSTEM

A Proposed Spending Tax

(Continued from page 1403)

lation and contests growing out of economic unsoundness.

I am going to start what I have to say from the standpoint of the economic problem before the world today which seems to me to be the key to the tax problem. It is the issue between spending and saving.

There is a great reaction, as you all know, today, against the lavish and extensive spending policy of the Government. We are all anxious about the mounting public debt. We are anxious about the fact that in this time of war, there is so much spending, both private and public. We are anxious because the tax system, especially with corporations, is taxing away savings today; and we think it is improper, when our savings are being shot away in war, that what is left of them should be spent away and taxed away. That, as I take it, is the great problem economically before this country today; and it is bound up with the other great problems like the inflation problem.

The solution that I have offered, with my brother, in my book, "Constructive Income Taxation," and which I want to discuss with you tonight would solve the problem of simplification better than anything else I know of.

The proposal is simply this: That hereafter we tax in our income tax only that part of income which is spent and do not tax the other part which is saved. In fact, I believe the **un**taxing of savings is more important than the taxing of spending, because it is the taxing of savings, which we now have in our corporations and in our private personal income tax as well, which is doing the mischief. It is threatening with destruction the accumulation of capital which has made this country great and which is the source of our high wages and prosperity.

Why is it that all of us from top to bottom, including the poorest in this country, are so much better off than we were a 100 years ago in the horse-and-buggy days? Because, instead of horses and buggies we have the railways, the automobile, the airplane, the substitution for primitive capital of small value of the gigantic capital today — which is winning this war just as it had won the great economic progress of the United States. When we compare ourselves with a 100 years ago, not only have we improved means of transportation, but we have better houses, better refrigerators, better clothing, better food, and better everything. Why? Because of the inventions and accumulations of capital

Now our tax system is calculated to kill the goose that lays the golden egg. The power to tax is the power to destroy, but it is not realized how great that power to destroy is, and that power to destroy is primarily the destruction wrought by taxes on savings.

I call it an income tax rather than a spending tax because that is its proper economic name. Our "real" income, as we economists say, is only what we get by spending. The other part, the saved part, is put on the shelf and is to be spent later, or the income from it. In other words, savings is not real income. It is capital. It is, if you wish, income put back into capital. That putting back has made a great deal of trouble even among economists as to what income is.

I venture to say that the real problem, legally, which puzzles all of you and has made these 30 million words and has created the problem that you are discussing here tonight, has grown out of the fact that we have, in our tax laws, no concept of income. When the law was passed it was naively supposed that you did not need any definition. It was supposed that everybody knew what income was.

But the things that we are most familiar with are the things that we understand the least. We are all familiar with income, but when you come to define it it seems very difficult. It is not very difficult, but the difficulty that appears is because of the savings element. There are really two concepts of income, and each has its proper place. One is: Income consists of "real" income—consumption—the enjoyment, or use, of consumption goods by virtue of the spending of the money we receive. That is all that you need to say.

The other concept is that same real income plus the savings. The only difference between the two is the savings.

If you receive $10,000 a year, save $3,000 and spend $7,000, your "real" income, corresponding to what we call "real" wages, is $7,000. You have an "accretion" income which includes the savings, of $10,000. That word "accretion" has been suggested by Professor Haig of Columbia University. I do not know of any better word unless it be "enrichment" income as some of the judges have called it.

My conclusion as an economist is that we should choose between these two senses of "income" and that our tax laws should take cognizance of them both, but it does not. Legal income is always a hybrid between the real income that is bought by what an individual spends as a consumer and the accretion income including savings. There are many legal inconsistencies. If you receive $10,000 in actual money and spend only $7,000, the law says your income is $10,000, but if you are a stockholder in a corporation and the corporation earns $10,000 for you but saves for you $3,000 and plows it back in undistributed profits, then only the $7,000 is your legal "income." Before the income tax was in operation I knew of cases where a corporation declared the whole $10,000 in dividends but with the checks it was stated that the company would be glad if you would reinvest 3/10ths of it because they wanted to expand; they knew that most of the stockholders would be able and willing to do it, keeping and spending only 7/10ths of it. Obviously, you should be taxed just the same whether you got the whole $10,000 and put back $3,000 or you only got $7,000 and the corporation **kept** back the $3,000. In either case, you spend $7,000 and have $3,000 saved. But under our law, your "income" is **not** the same in the two cases.

The law is full of those inconsistencies; and almost no income that pays taxes, whether individual or corporate, is accounted for by either one of the two legitimate concepts of income. There is always an ambiguity, because some savings are counted and some are not.

Under my proposal, by the way, you should not tax corporations at all, except as in England, where there is "stoppage at the Esource." That has some sense; you then tax a corporation **instead of** taxing individuals, but not **in addition** to taxing them. But we in America have set up something new; we regard the corporation as an independent source of income, which it is not. It is an artificial person, a legal person; it really means the stockholders, who are the only real persons. They are the ones that should pay the taxes. When you charge 80% tax to a corporation as if it were something different from its stockholders, then the poorest stockholder, the widow who has only a thousand dollars, is charged 80% (without knowing it, perhaps), simply because she has stock in a so-called "rich" corporation.

I do not know why it should be so difficult in America to do what they do in England, and to regard a corporation as it really is, an artificial person standing for the stockholders.

What we ought to do, therefore, is to abolish all taxes on corporations (except a nominal one for certain administrative purposes), and all the taxes now raised from corporations should be raised from the stockholders as individuals and done equitably, not by charging 80% to the widow and 80% to the millionaire as it is done today.

Something was said tonight about the little corporations. Every corporation that has made this country great was at first little, and it was the expansion or increase of capital that did it. Every tax on that part of income which is reinvested is a deterrent to that expansion.

There is a particular difficulty today growing out of this taxation of savings. It relates to inflation. What makes inflation today is the sale of government bonds to commercial banks in return for credit which is **newly created.** As someone has amply called this credit, it is "invisible greenbacks." If, whenever the Government sells a billion dollars of bonds to the banks and gets a credit for it, the banks instead of extending that credit invisibly, should extend it visibly by printing bank notes, and the Government should take those bank notes and distribute them to the soldiers and sailors in paying their wages instead of sending them checks, you would realize what is going on. The invisible greenbacks are flooding the circulating medium today and causing inflation. It is not because of the public debt as such, it is because the public debt is not created out of savings, and it is not created out of savings because the savings are taxed out of existence.

The Treasury understands this flood of invisible greenbacks very well. It tries, therefore, to get individuals to save as much as possible and to buy bonds out of savings. The time before the last bond drive, it raised 12 billion dollars from individuals, and we said that was wonderful. But it is not so very wonderful. For individuals also get the money with which to subscribe to the bonds by borrowing at the banks.

I remember that, in the last World War, I was speaking with a fellow speaker who went around the country with me urging people to buy government bonds —the "Liberty Loans"—but before I could educate my friend who was a clergyman, he was saying, "Now, it doesn't make any difference whether you have got any money or not—subscribe to the government bonds just as much as you can get anywhere, say, $10,000. If you haven't got the $10,000 go to the bank and borrow it. If the bank wants security, give them the bonds that you buy with it. It is as near perpetual motion as anything I know of."

You know and I know perpetual motion is unsound, and so is that kind of financing.

In fact, the last loan, I am told, was very largely subscribed, as far as laboring men were concerned, by their first cashing in on the former loan. That method does not add anything except to the inflation.

If you are going to pay for this war otherwise than by inflation, I believe you have to change your tax system to suit. I am very much worried about it. I do not think people who have not studied inflation—as I have for a lifetime—realize what we are up against. The fact that we are holding down prices individually by main force is very much like sitting on a safety valve while you are building up pressure from heat underneath. The inflationary pressure is increasing all the time; but, instead of trying to remedy that, we do not let it even show; instead we have a great mass of idle circulating medium which some day is going to explode. After the war is over people won't stand any more for this price control that we are now exercising in rather a wonderful way in spite of the black market and all. Even as it is, prices have risen some 40%, and probably, if you could count the black market, they have risen 50 to 75%. In the last war they were doubled, and I have very little doubt that after this war you will find the price level double or triple. If the war lasts much longer it may quadruple; and if it does it will be very largely due to our wrong tax laws.

I think that this system that I am proposing should be not only for the war but for peace and, therefore, I want to stress the double taxation involved which people do not realize.

Of course, there is double taxation when dividends are taxed as part of the earnings of a corporation and then taxed again to individuals who receive them. But that is not what I mean; I mean that taxes on any savings involve double taxation. If you save a thousand dollars and invest it, say, in an orange grove, buying 100 trees with it, you can either tax that thousand dollars 10% by taking 10 trees out of the 100 in the orchard, or you can tax 10% of the oranges that are grown by those trees. But if you do both, is is double taxation. It is not always recognized as double taxation. It is a little more complicated than the ordinary double taxation, but it is double taxation just the same. You tax the trees and you tax the fruit. The capital is the tree and the income is the fruit; and whenever you have a tax on savings and then afterwards tax the income from those savings, it is double taxation.

This was pointed out by John Stuart Mill a long time ago. He was very much in favor of substituting for the income tax a spendings tax. Incidentally, Ogden Mills was also in favor of that. He introduced it when he was a Congressman and, two weeks before he died, he wrote me a letter approving of it and doing so very largely on the ground of its simplicity.

People say it difficult to measure savings, but it is not. All you need, in order to make out a spendings tax return, is a record of the receipts and then subtract everything except what you spend —the balance is your spendings.

I feel so strongly about the destructiveness of the system that we now have as to say that if we had had it 50 years ago I do not think you would have today the automobile industry, because Henry Ford's plant built out of savings would not exist. If you calculate what was actually done by him and then see what the taxes would have been under the present system, he simply could not have built up his automobile industry.

Professor Lutz of Princeton has said, "If some future historian, some future Gibbon, has to write of the decline and fall of the American Commonwealth, he will date the origin of that decline in 1913, when the income tax law was passed, so greatly has it been abused."

Taxes on savings are taxes on expansion and can yet destroy the expansion or growth of the greatest country in the world.

How Much Inflation?

(Continued from First Page)

By R. A. SAYRE

ford good clues, especially when comparisons are available with the situation in World War I. Monthly data on the cost of living and weekly earnings of the average wage earner in manufacturing industry have been compiled for World War I on the basis of available records, using the less frequently compiled but complete figures as benchmarks. The data were prepared by the Bureau of Labor Statistics and first published in The Monthly Labor Review for November, 1941. They show that in the first 53 months of that war the cost of living rose 62% and weekly earnings 88%. When these earnings are adjusted for the change in living costs, we find that their purchasing power rose only 16%. Thus, at the end of the war—for it ended in the 53rd month—the average wage earner in manufacturing was better off than he had been at the beginning but not much. Why? Because prices and wages ran uphill together.

Turning now to the current situation, we find the statistics show quite a different picture. Again using BLS figures — and may I say that, despite the controversy still raging about the adequacy and reliability of the cost of living indexes, I believe them to be adequate and reliable —the rise in the cost of living in the first 53 months of World War II was only 23%. Contrast this with the 89% rise during the same period in weekly earnings in manufacturing—which incidently was about the same as the rise in World War I. When converted to the purchasing power basis, the World War II rise has been 53% or more than three times that in World War I. This comparison with the World War I situation has added significance when recognition is given to developments between the two wars. From July, 1914, to September, 1939, weekly earnings in manufacturing rose 109% in the face of only 40% advance in living costs. Thus, the previously cited figures for this war were based on a considerably higher level of earnings and a more modest increment in living costs. At the outset of the last war average weekly earnings were only $11.47 and had risen to $23.93 by September, 1939. In January of this year, they were $45.15. While many factors have contributed to this shift in relationships, a major obstacle in the present situation to rising living costs has undoubtedly been rationing and price fixing. On the other hand, wages have risen more rapidly through the ability of labor organizations to obtain wage rate increases for their members and through the policy of paying premium rates for work over 40 hours per week. Despite wage stabilization policies, the tendency to base wage increases on rates has a pyramiding effect when hours worked exceed 40 or fall on premium days.

The net effect of this tendency has been to build up an excess purchasing power which has been estimated at about 33 billions in 1943. With so much of our productive capacity devoted to building materials for war, shortages of goods, at least in certain lines, have been marked. Naturally, the demand for the supplies which are available has been great and has fostered indiscriminate bidding. Price fixing and rationing have been quite successful in combating this situation but can never be completely successful so long as people with money to spend are convinced they must spend it, regardless. Heavier income taxes and constant urging to buy war bonds have been helpful in syphoning off excess purchasing power, but not fully effective, because they have failed to fully reach the groups who have recently acquired most of

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Calendar Of New Security Flotations

OFFERINGS

ALLIS - CHALMERS MANUFACTURING CO.—296,015 shares of $4 cumulative convertible preferred stock (par $100). Of the net proceeds the company will apply $15,600,000 to the redemption and payment of all of its outstanding 15-year 4% convertible sinking fund debentures due Sept. 1, 1952, at 104. Balance of proceeds will be added to working capital for war purposes and post-war business. Offered for subscription to common stockholders of record March 31, at rate of one share of preferred for each six shares of common at $100 per share. Rights expire April 12. Underwritten by Blyth & Co., Inc., and a nation wide group of 63 underwriters. Filed March 17, 1944. Details in "Chronicle," March 23, 1944.

ARIZONA EDISON CO., INC.—$2,500,000 first mortgage bonds 3½% series, due 1974 and 4,500 shares of $5 cumulative preferred stock (no par). Contemporaneously with the sale of these securities company will sell to a single purchaser $750,000 of serial notes. Proceeds together with other funds will be used to redeem outstanding first mortgage 4% bonds, series C (all $2,538,000 of which are owned by Equitable Life Assurance Society of the United States), all outstanding second mortgage 6% income bonds, series A and second mortgage 5% income bonds, series B. Filed March 20, 1944. Details in "Chronicle," March 23, 1944.

Offered April 5, 1944 by Coffin & Burr, Inc. and Dean Witter & Co., the bonds at 105¾ and interest and the stock at $100 per share.

MINNEAPOLIS - HONEYWELL REGULATOR CO.—30,000 shares of 4% cumulative preferred stock, series D (par $100). Proceeds for general corporate purposes. Underwriters and amounts underwritten are Union Securities Corp., 24,000 shares; Piper, Jaffray & Hopwood, 3,500 shares and Alex. Brown & Sons, 2,500 shares. Filed March 15, 1944. Details in "Chronicle," March 23, 1944.

Offered by above underwriters April 4, 1944, at $105 per share (plus div.)

OKLAHOMA NATURAL GAS CO.—$18,000,000 first mortgage bonds due April 1, 1961 and 180,000 preferred shares, series A cumulative (par $50). Proceeds for refunding. Underwriting syndicate headed by Morgan Stanley & Co. and Smith, Barney & Co. won March 28 in competitive bidding the award of $18,000,000 of first mortgage bonds. The winning bid was 101.0939 for the issue as 2⅞s due in 1961. Company also sold 180,000 shares ($50 par) preferred stock to a group headed by the Stone & Webster and Blodget, Inc. on a bid of $50.50 for a 4¾% dividend rate.

Both issues were offered March 30, the bonds at 101.592 and interest by Morgan Stanley & Co. and Smith, Barney & Co. and the stock at $52 per share by Stone & Webster and Blodget, Inc. and 35 other underwriters.

NEW FILINGS

List of issues whose registration statements were filed less than twenty days ago, grouped according to dates on which registration statements will in normal course become effective, unless accelerated at the discretion of the SEC.

MONDAY, APRIL 10

CELANESE CORP. OF AMERICA—350,000 shares of first preferred stock, $4.50 series (no par), cumulative and 139,622 shares of common (no par). Holders of its common stock will be given the right to subscribe for additional shares of common stock at the rate of one share for each ten shares held. Of net proceeds, $23,662,290 is to be applied, concurrently with the issuance of the 350,000 shares of first preferred stock, $4.50 series, to the redemption of 164,818 shares of 7% cumulative series prior preferred stock and 37,710 shares of 5% cumulative series prior preferred stock presently outstanding. The balance is initially to become part of the corporation's general funds and applied for additional plant facilities, or any corporate purposes. Dillon, Read & Co., and Morgan Stanley & Co., are named principal underwriters. Filed March 22, 1944. Details in "Chronicle," March 30, 1944.

TUESDAY, APRIL 11

KATZ DRUG CO.—$1,500,000 15-year 4% sinking fund debentures due April 1, 1959. A portion of net proceeds will be used to repay bank loans of $800,000, remainder will be added to the company's general funds to be used to purchase inventory, to carry larger bank balances and for other corporate purposes. A. G. Becker & Co., Inc., Chicago, is named principal underwriter. Filed March 23, 1944. Details in "Chronicle," March 30, 1944.

MENGEL CO.—$2,500,000 sinking fund debentures, due April 1, 1959. Interest rate to be supplied by amendment. Proceeds will be applied to the redemption at 100½% plus interest of $1,568,000 first mortgage 4½% convertible sinking fund gold bonds, due March 1, 1947, balance added to general funds. Underwriters are F. S. Moseley & Co., Boston; Metropolitan St. Louis Co., St. Louis; Hemphill, Noyes & Co., New York, and J. J. B. Hilliard & Son, Louisville. Filed March 23, 1944. Details in "Chronicle," March 30, 1944.

CONSOLIDATED CIGAR CORP.—40,000 shares of cumulative preferred stock (no par). Proceeds from sale, together with other treasury funds, are to be applied to redemption in May, 1944, of 38,162 shares of 6½% cumulative prior preferred stock at $105 per share and dividends. Underwriting group follows: Eastman, Dillon & Co.; A. G. Becker & Co., Inc.; H. M. Byllesby & Co., Inc.; Central Republic Co., Inc.; Charles Clark & Co.; Ferris & Hardgrove; Hemphill, Noyes & Co., Inc.; W. C. Langley & Co.; Lehman Brothers; Loewi & Co.; McDonald-Coolidge & Co.; Merrill Lynch, Pierce, Fenner & Beane; Merrill Turben & Co.; Milwaukee Co.; Moore, Leonard & Lynch; Mullaney, Ross & Co.; Paine, Webber, Jackson & Curtis; Piper, Jaffray & Hopwood; Riter & Co.; Rogers & Tracy, Inc.; Stein Bros. & Boyce; Stix & Co., and Dean Witter & Co. Dividend rate to be filed by amendment. Filed March 23 1944. Details in "Chronicle," March 30, 1944.

WEDNESDAY, APRIL 12

KLINE BROTHERS CO.—$500,000 5% sinking fund notes, due March 1, 1954. To be offered at 100 net, proceeds will be applied as follows: To redemption of $243,600 5% sinking fund notes, due May 1, 1952, at 100, $243,600; to renewal of equipment, etc., $75,000; for working capital, $74,295, and for post-war expansion, $80,000. Illinois Securities Co., Joliet, Ill., underwriters. Filed March 24, 1944. Details in "Chronicle," March 30, 1944.

THURSDAY, APRIL 13

AMERICAN OPTICAL CO. — 230,000 shares of common stock (no par), of which 167,490 shares are to be offered by company and 62,510 shares presently outstanding to be sold by ten vendor trusts. Net proceeds to company will be used, in part, as additional working capital. Principal underwriters are Harriman Ripley & Co., Inc. and Estabrook & Co. Stockholders (other than vendor trusts) will be offered right to subscribe to 167,490 new shares in ratio of one new share for each three shares held. Filed March 25, 1944. Details in "Chronicle," March 30, 1944.

SATURDAY, APRIL 15

NATIONAL CONTAINER CORP.—$4,500,000 5% 15-year sinking fund debentures due April 1, 1959. Price to public 100 and interest. Of net proceeds, $2,844,500 will be applied to redemption of presently outstanding 5½% debentures, bank loan, notes or bonds and mortgages, and $556,000 will be applied to redemption of presently outstanding first mortgage bonds and 5% note of Bedford Pulp & Paper Co., Inc.; $246,300 will be used to reimburse company and subsidiaries for cash expended to acquire Bedford Pulp & Paper Co., Inc.; remainder ($553,200) will be added to general funds. Van Altsyne, Noel & Co. is named principal underwriter. Filed March 27, 1944. Details in "Chronicle," March 30, 1944.

SPROUSE-REITZ CO., INC. — 1,000 shares voting common stock (par $100) and 3,000 shares non voting common stock (par $100).

Address—1900 N. W. 22nd Avenue, Portland, Ore.

Business—Operates a chain of retail stores, selling a wide variety of merchandise.

Underwriting.—No underwriter.

Offering—The shares of voting common stock are to be offered first to the present holders of voting common stock ratably in accordance with their present holdings. The shares of nonvoting common stock are to be offered first to the present holders of all classes of stock ratably in accordance with their present holdings. Price is $100 per share for each class of stock. Unsubscribed stock will be offered to the public.

Proceeds—Net proceeds will be used to provide working capital for both wholesale and retail stores to carry additional inventories.

Registration Statement No. 2-5330. Form A-2. (3-27-44). Registration statement originally filed in San Francisco.

SUNDAY, APRIL 16

MOORE-McCORMACK LINES, INC. — 60,000 shares of $2.50 cumulative preferred stock, convertible until Dec. 31, 1950 (par $50) and 210,000 shares of common stock (par $10), including 150,000 shares reserved for issuance on conversion of the preferred stock. The 60,000 shares of preferred and 60,000 shares of common offered are issued and outstanding.

Address—5 Broadway, New York City, N. Y.

Business — Operates ocean steamship lines.

Underwriting—Names to be supplied by amendment.

Offering—Price to public to be supplied by amendment. The stock is being sold by present stockholders as follows: Kuhn, Loeb & Co., 31,000 preferred and 31,000 common; Beavan Corp., 20,000 preferred and 20,000 common, and Schroder Rockefeller & Co., Inc., 9,000 preferred and 9,000 common.

Proceeds—Go to the selling stockholders, and no part of the proceeds is to be received by the company.

Registration Statement No. 2-5331. Form A-2. (3-28-44).

BRYHERN EXPLORATION, DEVELOPMENT & MINING, LTD.—200,000 shares of common stock, $1 (Canadian funds) par.

Address—10 Adelaide Street, East, Toronto, Ontario.

Business—Mining company.

Underwriter—Willis E. Burnside & Co., New York, is named underwriter.

Offering—Price to public, United States funds, 57 cents a share.

Proceeds — For organization expenses, patent, drilling, development and working capital.

Registration Statement No. 2-5332. Form S-3. (3-28-44).

MONDAY, APRIL 17

ILLINOIS COMMERCIAL TELEPHONE CO.—21,000 shares of $4.75 cumulative preferred stock (no par).

Address—122 West Washington Avenue, Madison, Wis.

Business—Provides, without competition, telephone service in Illinois.

Underwriting — Paine, Webber, Jackson & Curtis, New York, and Mitchum, Tully & Co., Los Angeles, are principal underwriters, with names of others to be supplied by amendment.

Offering—Price to public is to be supplied by amendment.

Proceeds — Net proceeds will be used principally to retire the $6 cumulative preferred stock of the company as follows: 17,098 shares at $110 per share, requiring $1,880,780, and 1,567 shares owned by company's parent, General Telephone Corp., at latter's cost, requiring $130,849, total $2,011,629. Balance of proceeds will be placed in company's treasury.

Registration Statement No. 2-5333. Form S-2. (3-29-44).

MILLER MANUFACTURING CO.—100,000 shares of convertible class A stock (par $5) and 316,667 shares of common stock (par $1).

Address—1725 16th Street, Detroit, Mich.

Business—Engaged in the manufacture of specially designed tools for repairing and servicing automotive vehicles.

Underwriting—Principal underwriters are Baker, Simonds & Co., Detroit; Van Alstyne, Noel & Co., New York, and Strauss Securities Co., Chicago, with names of others to be supplied by amendment.

Offering—Of class A stock 95,000 shares will be offered to the public at $10 per share. Company proposes to issue the remaining 5,000 shares of class A stock, and 16,667 shares of its common stock to certain holders of Rieke Metal Products Corp. as part of the purchase price of stock of Rieke Metal proposed to be acquired by Miller from such stockholders.

Proceeds—Net proceeds to be received from the sale of 95,000 shares of the class A stock are estimated at $790,445. Of this amount $587,500 is proposed to be used to pay the cash balance of the purchase price of stock of Rieke Metal Products Corporation, and any amount not so required will be added to working capital.

Registration Statement No. 2-5334. Form S-1. (3-29-44).

AMERICAN BAKERIES CO. — 13,000 shares of class B stock, (no par). The stock is already issued and outstanding.

Address—520 Ten Pryor Street Building, Atlanta, Ga.

Business—Engaged in the manufacture at 18 plants of bread, rolls, cake and other usual bakery products.

Underwriting—To be supplied by amendment.

Offering—Price to the public to be supplied by amendment. The stock offered for sale is that of L. A. Cushman and Martha Bryan Allen Cushman as trustees of the L. A. Cushman Trust.

Proceeds—Proceeds from the sale go to the selling stockholders, and none of the proceeds from the sale will be received by the company.

Registration Statement No. 2-5335. Form A-2. (3-29-44).

VERTIENTES-CAMAGUEY SUGAR CO. OF CUBA — 696,702 shares of common stock, $6.50 par value, United States currency. Of the shares being registered, 443,850 are outstanding and owned by the National City Bank of New York. The prospectus states the several underwriters have agreed to purchase $1,663,500 of first mortgage (collateral) 5% convertible bonds of Vertientes-Camaguey Sugar Co. of Cuba, due Oct. 1, 1951, owned by the National City Bank of New York. The underwriters propose to convert these bonds at or prior to the closing and the 252,852 shares of common stock of the company which are received by the underwriters on such conversion, together with the 443,850 shares previously mentioned, will make up the total stock to be offered.

Address—Edificio La Metropolitana 801, Havana, Cuba.

Business—Growing of sugar cane and production of sugar.

Underwriting—Harriman Ripley & Co., Inc., New York, is principal underwriter with names of others to be supplied by amendment.

Offering—Price to the public will be supplied by amendment.

Proceeds—Proceeds from sale will go to the selling stockholders.

Registration Statement No. 2-5336. Form S-1. (3-29-44).

PEERLESS IMPERIAL CO., INC.—4,000 shares of preferred stock, $100 par.

Address—321 Broadway, New York City, N. Y.

Business—Manufacture and sale of rubber keys for typewriters and adding machines, other rubber molded products, etc.

Underwriting—No underwriter.

Offering—Company is offering, without underwriting, to its various customers and others the 4,000 shares of preferred stock at $100 per share plus accrued dividend.

Proceeds—For working capital.

Registration Statement No. 2-5337. Form S-2. (3-29-44).

PLOMB TOOL CO.—$600,000 10-year 5% convertible debentures due Jan. 1, 1954.

Address — 2209 Santa Fe Avenue, Los Angeles, Cal.

Business — Manufacture and sale of mechanics' service tools.

Underwriting—Name to be supplied by amendment.

Offering—Price to the public, plus accrued interest from Jan. 1, 1944, to be supplied by amendment.

Proceeds—To be used for redemption of first mortgage bonds, reimbursement of company for funds used to redeem preferred shares and reduction in V-loan.

Registration Statement No. 2-5338. Form S-1. (3-29-44).

TUESDAY, APRIL 18

CORNELL-DUBILIER ELECTRIC CORP.—20,000 shares cumulative preferred stock, series A (no par). Dividend rate will be supplied by amendment.

Address—333 Hamilton Boulevard, South Plainfield, N. J.

Business — Manufacture and sale of various types of capacitors, known also as fixed electrical condensers.

Underwriting—Eastman, Dillon & Co., New York, is named principal underwriter with names of others to be filed by amendment.

Offering—Price to the public plus accrued dividends from April 15, 1944, to date of delivery will be filed by amendment.

Proceeds—To be added to working capital.

Registration Statement No. 2-5339. Form S-1. (3-30-44).

CARPENTER PAPER CO.—15,000 shares of common stock (par $1).

Address — 815 Harney Street, Omaha, Neb.

Business — Warehousing for sale at wholesale of paper and paper products of various descriptions.

Underwriting—None named.

Offering—Price to public is given at $30 per share. The registration statement stated 1,717 shares of common stock are being currently offered to a group of officers and employees at a price of $21.50 per share under a separate registration and prospectus.

Proceeds — Net proceeds estimated at $446,000 are to be used by the company for working capital required because of increased sales, to provide for carrying increased inventories and for other corporate purposes.

Registration Statement No. 2-5340. Form A-2. (3-30-44).

BULLOCK FUND, LTD.—300,000 shares of capital stock (par $1).

Address—One Wall Street, New York City, N. Y.

Business—Investment company.

Underwriting—Supervised by Calvin Bullock.

Offering—At market.

Proceeds—For investment.

Registration Statement No. 2-5341. Form S-5. (3-30-44).

WEDNESDAY, APRIL 19

AMERICAN ANNUITY SAVINGS ASSOCIATION—$500,000 accumulative annuity certificates, series J.

Address — 807 American State Bank Building, Lansing, Mich.

Business—Sale of face amount certificates.

Underwriting—None named.

Offering—The company offers to residents of the State of Michigan its accumulative annuity certificates.

Proceeds—For investment.

Registration Statement No. 2-5342. Form A-2 (3-31-44).

SOUTH COAST CORP.—$1,702,260 5% cumulative income debentures (subordinated) due Nov. 30, 1973. The debentures are now outstanding and do not represent new financing by the company.

Address—Carondelet Building, New Orleans, La.

Business—Manufacture and sale of products and by-products resulting from the processing of sugar cane.

Underwriting—Paul H. Davis & Co., Chicago, is named underwriter.

Offering—The income bonds offered are outstanding and owned by the Celotex Corporation. Offering price to the public will be supplied by amendment.

Proceeds—Will go to the Celotex Corporation as owner of the debentures.

Registration Statement No. 2-5343. Form S-1. (3-31-44).

THE TRION CO.—12,850 shares of 5% preferred stock, cumulative (par $100).

Address—Trion, Ga.

Business—Manufacturing, finishing and fabricating of cotton goods.

Underwriting—Courts & Co., Atlanta, 3,350 shares; Milhous, Martin & McKnight, Inc., Atlanta, 2,000; Ingalls & Snyder, New York, 1,200; Wyatt, Neal & Waggoner, Atlanta, 1,200; R. S. Dickson & Co., Inc., Charlotte, 1,000; Kirofer & Arnold, Inc., Raleigh, 1,000; Robinson-Humphrey & Co., Atlanta, 600; Brooke, Tindall & Co., Atlanta, 500; J. H. Hilsman & Co., Inc., Atlanta, 500; Clement A. Evans & Co., Inc., Atlanta, 500; A. M. Law & Co., Spartansburg, 500, and H. T. Mills, Greenville, 500.

Offering—Company offers the right to purchase preferred stock to the holders of common stock who have not waived such right, on the basis of one share of preferred for each 7½ shares of common held and for each remaining unit of less than 7½ shares held, the offering price to be supplied by amendment. The preferred stock covered by waivers is initially offered by the underwriters. The remaining preferred stock is offered subject to its purchase from the company by holders of the common stock.

Proceeds—The purpose of the issue is to effect the retirement of an equal number of shares of 7% preferred outstanding.

Rgistration Statement No. 2-5344. Form S-1. (3-31-44).

BOND STORES, INC.—60,000 shares of convertible preferred stock, cumulative (par $100). Dividend rate will be supplied by amendment.

Address—261 Fifth Avenue, New York City, N. Y.

Business—Consists principally of the retail sale of men's and ladies' ready-to-wear clothing.

Underwriting — Lehman Brothers and Wertheim & Co., New York, are named principal underwriters, with others to be supplied by amendment.

Offering—Price to the public, plus accrued dividends from April 1, 1944, will be furnished by amendment.

Proceeds—From the estimated net proceeds approximately $2,107,875 will be used for the payment and retirement of $2,100,000 face amount of serial notes, together with anticipated premium thereon. Corporation intends to use the remainder of proceeds for enlarging existing stores, building, altering and equipping stores, increasing factory capacity, carrying of larger inventories and accounts receivable, and for working capital.

Registration Statement No. 2-5345. Form S-1. (3-31-44).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AMERICAN CASUALTY CO. OF READING, PA.—100,000 shares capital stock (par $5), to be offered to stockholders of record March 10 at $11 per share in ratio of one new share for each share held. Rights expire about April 20, 1944. Proceeds for working capital. Filed Feb. 18, 1944. Huff, Geyer & Hecht, Inc., principal underwriters. Details in "Chronicle," March 9, 1944.

ATLANTIC CITY ELECTRIC CO.—55,000 shares of cumulative preferred stock (par $100). Proceeds will be used to redeem 26,283 shares of old $6 preferred and purchase and cancellation of 30,592 shares of old $6 preferred stock of American Gas & Electric Co. (parent). Stock will be sold at competitive bidding with dividend rate to be named by purchaser. Filed March 14, 1944. Details in "Chronicle," March 23, 1944.

Company will receive proposals to noon April 10 for the purchase of the stock, the purchaser to specify the dividend rate.

BEN-HUR PRODUCTS, INC. — $300,000 5% convertible debentures, series of 1943, due Feb. 1, 1951 and 11,400 prior preferred shares (for purpose of conversion). Proceeds to retire bank loans and working capital. Pacific Co. of Calif. and Wyeth & Co. named underwriters. Filed Dec. 20, 1943. Details in "Chronicle," March 9, 1944.

LOUISIANA POWER & LIGHT CO.—$17,000,000 first mortgage bonds due April 1, 1974. Proceeds for refunding first mortgage 5s due 1957. Bonds will be sold through competitive bidding with successful bidder naming interest rate. Filed March 16, 1944. Details in "Chronicle," March 23, 1944.

PUBLIC SERVICE CO. OF OKLA.—$1,500,000 5% cumulative preferred stock (par $100) and $6,600,000 first mortgage bonds, series A 3½% due Feb. 1, 1971. Stock is for exchange of $6 preferred of Southwestern Light & Power Co. (subsidiary) on share for share basis. Bonds will be offered for sale at competitive bidding. Registration effective Jan. 10, 1944. Filed Dec. 21, 1943. Details in "Chronicle," March 16, 1944.

SOUTH COAST CORP.—$1,500,000 first mortgage 5% bonds due Dec. 31, 1955. Proceeds to redeem $998,405 general mortgage income 6s and for working capital. Paul H. Davis & Co. principal underwriter. Filed Jan. 24, 1944.

SPRAGUE-WARNER-KENNEY CORP. — 15,000 shares of 6% cumulative preferred stock (par $100). Proceeds will be used for the acquisition of a maximum of 8,649 shares of Western Grocer Co. 7% preferred in exchange of shares and $575,000 will be applied to retirement of 5,750 shares of 6% cumulative preferred of Sprague at $100 per share. Company also plans to issue $3,250,000 face amount of installment promissory notes and use proceeds as additional working capital. A. C. Allyn & Co., Inc., underwriter. Filed March 16, 1944. Details in "Chronicle," March 23, 1944.

VIRGINIA ELECTRIC & POWER CO.—$24,500,000 first and refunding mortgage bonds, series D 3½% due April 1, 1974 and 305,192 shares of $5 dividend preferred stock to be issued in connection with merger of Virginia Public Service Co. into Virginia Electric & Power Co. When merger becomes effective each share of V. P. S. 7% preferred and V. P. S. 6% preferred (including accrued dividends) will be converted into 1⅛ shares of new preferred and in addition each share of V. P. S. 7% preferred will receive $5.50 in cash. V. P. S. common will be converted with V. E. & P. Co. common. Each share of V. E. & P. Co. old preferred will be converted into one share of new preferred and will receive cash for accrued dividends to merger date. V. E. & P. Co. common will remain outstanding. Bonds will be offered at sale through competitive bidding. Filed Feb. 28, 1944. Details in "Chronicle," March 16, 1944.

Reorganizat'n Potentialities

McLaughlin, Baird & Reuss, 1 Wall St., New York City, members of the New York Stock Exchange, have prepared an interesting circular discussing the reorganization potentialities for selected securities of the Missouri Pacific System. Copies of this circular may be had upon request from McLaughlin, Baird & Reuss.

Attractive Situations

The current situation in Du Mont Laboratories and Loft Candy Corporation offer attractive possibilities according to a memorandum issued by J. F. Reilly & Co., 111 Broadway, New York City. Copies of these interesting memoranda may be had from the firm upon request.

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How Much Inflation?

(Continued from page 1421)

By LEWIS H. HANEY

be a reinstatement of some part of the former volume of such business loans. This, coming on top of the present credit condition, would almost certainly make the existing inflation effective in prices.

(5) Large government spending—or for that matter private spending—for consumer goods is taken for granted by all, perhaps to prime the post-war pump or perhaps merely to let the post-war citizens have some of that which is in the well—the liquidity. Something in the way of a turnover of all these deposits and a circulation of all this currency, must occur. How long do you think the labor pressure groups are going to be satisfied with the high money wages which are taken from them through forced loans, rationing restrictions, and the like? But once the vast sum of money is used and the deposits begin to turn over, prices will rise. Or, to put the matter another way, it would not be possible to make use of all the currency in the country except at a much higher price level.

Other points worthy of note are such facts as that there will be in the post-war period a much greater and more expensive military establishment than we have ever before had in times of peace. Unquestionably there will be vast and expensive experiments with health and social-security schemes, to say nothing of education. It seems that the highly inflationary use of "subsidies" to fight inflation is one of the means of spreading the "liquid assets" around more thoroughly. **And don't forget that the veterans are coming!**

The Disguises Of Inflation

Let us not deceive ourselves. Inflation can not be measured if it is disguised as a condition of "liquidity." The plain truth today is that inflation exists in the form of debt, deposits, and income which are liquid simply and solely because they can not be turned into anything solid!

Or, again, we hear about "**working balances**" held by the banks, which are said to be in proportion to "industrial activity." But what is this industrial activity? It is the **inflated** index of the Federal Reserve Board, which gives us not even physical output, and which now includes the making of instruments of war which have no relation to economic production or consumption.

Finally, what about the so-called "**national income**"? We are told that it is "**required**" by the large fixed charges that result from the vast public debt. That is a good definition of inflation. **Inflation may be defined as national income that has to be puffed up to enable the people of the nation to float a vast mass of non-productive public debt.** This is sometimes known as a process of monetizing the public debt.

I hold that income is inflated whenever **money** income rises out of proportion to real income. This occurs when the money income of a nation is bigger than can be spent. It may also occur when prices rise faster than the quantity of money. In any case, it comes down to the existence of unearned income; that is, income not earned by production in the good old economic sense of the word.

In conclusion, note that the great trouble with our experts today is that they are toying with the idea of an "if" liquidity—with liquid assets which are liquid "if." We are told that the deposit currency and the public debt are our liquid assets, **if** the following conditions are maintained. Mark well the list.

(1) Prices are to remain unchanged. Just think that one over a minute. (In other words, if there be no effective inflation there will be no effective inflation.)

(2) **If** people do not lose confidence in the purchasing power of the currency. That, too, is a fast one, practically begging the question by assuming that prices will remain unchanged.

(3) These assets are to be liquid if the government "**deficit**" is drastically curtailed. But note that there is nothing said about the **debt.** Apparently the deficit is to be tapered off, but the debt will remain with us.

There are other assumptions. It is said that all will be well **if** no effort is made to devalue the dollar, and **if** price controls are removed exactly as the supply of commodities increases and just meets the demand.

But why prolong the discussion?

The real problem concerns the question, How much **what?** My answer is that if we call war debt and deposits "liquid" assets, we should recall that the most common liquid is **water!** Then we may get together for another discussion of the question, How much are our assets watered?

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For Dealers . . .

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How Much Inflation?

(Continued from page 1422)

By R. A. SAYRE

the excess purchasing power.

The wage figures previously cited are averages and like all averages include both highs and lows. Workers in a number of industries have not increased their earnings by the large percentages, or to the high levels, that war workers in such industries as automobile, aircraft, shipbuilding, and steel have. Average weekly earnings in these industries in January of this year ranged between $50 and $60 and, strangely enough, the percentage increases since January, 1941, ranged between 50% and 60%. The workers who didn't get the big increases and people with fixed incomes like pensioners and those in retirement, feel the pinch of any rise in their cost of living and are among the first to label this situation as a result of inflation. When these rises are aggravated by the bidding in of limited supplies of goods by people whose income has been rapidly increased, the pinch becomes acute. In times of war, civilians must expect their standards of living to be reduced since there isn't enough to fill everyone's wants. When big earnings by some are used to further shorten the supplies for others, it means that the unfortunate have to bear not only their own share of a reduced standard but also at least a portion of the share which should have gone to the thoughtless and selfish.

When we find, as we do in World War II, that earnings are far outstripping living costs, a situation is being created that is more explosive than the block busters currently being rained on Berlin. The BLS has just published figures showing the picture of spendable income in manufacturing since January, 1941. After deductions for social security taxes, income and victory taxes, and war bond purchases, the average wage earner in manufacturing by October, 1943, was estimated to have increased his weekly take by 44.8% since January, 1941 if he were supporting an adult and two children, and by 24.2%, if he were single. It should be remembered that the war bond deductions, if not social security taxes, are hardly expense—they are just as definitely savings as putting the cash in a savings bank. Family living costs over this period rose only 23.4%. Therefore, the average worker had added to excess purchasing power on either basis and in those many cases where more than one member of a family is now working and where the single worker is part of a family unit the probable additions to excess purchasing power, previously indicated, are magnified. Furthermore, additional magnification may well come from the fact that the cost of living index only reflects price increases of purchasable commodities and services and makes no allowance for decreases in expenditures resulting from the inability to buy many things like automobiles, electric refrigerators, etc.

It has been said, and justly so, that money in itself does not create inflation. It is what is done with the money. It has been further said that in this war the workers are saving their money, paying their debts and not indulging in "silk shirt" buying. Unfortunately this last contention is only partially true. There has been considerable saving, even when allowance is made for war bond redemptions and savings bank withdrawals. But, there also has been a considerable amount of buying of the "silk shirt" variety of the last war.

In connection with our cost of living studies at The Conference Board we have had occasion in recent months to personally interview many retailers in the clothing and housefurnishings lines. There is unmistakable evidence of a widespread tendency on the part of wage earners who have money to spend to buy higher-priced merchandise. Too often the tendency is to base the selection on price alone. One great clothing retailer informed us that where their C lines, the lowest priced, were the best sellers in 1941, followed by B and A, the order has been completely reversed in 1944. Today the A lines are the best sellers, followed by B and C. Furthermore, this reversal in best sellers has been consistent throughout all lines, regardless of price advances which have occurred since 1941. This development, called voluntary trading-up, is widespread. To quote an outstanding economist in the retail field:

"Relief from the economic pressure of prewar days naturally finds expression in the demand for a higher and better standard of living. Wearing apparel is discarded more frequently; wardrobes are much larger; and 'keeping up with the Jones' is not an inconsiderable factor. When money cannot be spent for automobiles and hard goods or new homes, it is spent for more and better food, wearing apparel and other appurtences of better living. The fixed income groups feel this difference in economic status keenly because they cannot buy the better and higher style ranges and the cheaper and more staple ranges in restricted assortments seem relatively much less desirable than formerly, although their serviceability remains substantially unchanged in the great majority of cases. In short, the war has brought a sharp change in the concept of the 'necessary standard of living.'"

What the future holds, I for one will not attempt to predict but I would like to conclude by expressing the opinion that current attempts to change and liberalize present wage stabilization policies are of paramount importance. The success or failure of these attempts will, without a shadow of doubt, be most influential in fostering or dampening a price spiral.

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Rail Stock Review

Adams & Peck, 63 Wall Street, New York City, have issued their annual review of Guaranteed and Leased Line railroad stocks. Copies of this interesting review may be had from Adams & Peck upon request.

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The Financial Situation

Far too many of the post-war planners are, it seems to us, peculiarly blind to circumstances and conditions immediately around them which must in large measure affect if not control the efficacy of any and all plans to enrich the economic life of this country after the fighting has ceased. They, or many of them, have no difficulty in counting up the over-all increase in production capacity of American industry. They take never-ending delight in pointing to the numerous improvements effected in production techniques and in materials. They are fond of expiating upon the "backlog" of consumer demand accumulating in this country, and the large volume of so-called "liquid savings" ready to be employed in satisfying this demand.

Others, less optimistic, worry about re-employment and concoct schemes to promote it. The millions of men now in the armed services, and the other millions, many of them women and others normally not seeking work, now in industry making the implements of war, are cited, and the magnitude of the adjustment and readjustment—or better, perhaps, the reshuffling—which must be done is cited as a difficulty which may cause a "breakdown" in our system, etc., etc. It has become a sort of crime in the popular view, one almost supposes, not to "plan"—and to talk endlessly about it. It often seems that most of these plans were prepared as it used to be said a certain poet wrote about nature—in his study with his back to the window.

War Developments and Post-war Plans

The truth of the matter is that the very best post-war planning may well begin much nearer home, and concern itself with much more ordinary things than most of the schemes usually do. For one thing, the pressure for pro-

(Continued on page 1428)

From Washington Ahead Of The News

By CARLISLE BARGERON

One of the most serious phases of the Washington Government has just come to light, and there are those in Congress who are wondering what can be done about it. An American business woman, and incidentally a Republican, several weeks ago made some pretty caustic statements about high taxes. They were highly indiscreet, but none of our myriad law-enforcement agencies have suggested they were in the slightest unlawful. Secretary of the Treasury Morgenthau issued a statement in response to her remarks which he unquestionably had a right to do. In fact, his statement was unquestionably called for by the nature of what the woman said.

But presently two rather notorious radio commentators and columnists read to the country what purports to be extracts of love letters she has written to a Count, suspected of being a Nazi spy and as such, placed on the State Department's black list. We are assuming that what they read was true; the woman involved seems to admit as much. And this is in no wise intended as a defense of what she said about taxes or of her alleged correspondence with the Count.

What should be of importance to everybody is how these columnists got hold of the letters. They did not do so through their own enterprise which would be a very questionable enterprise, indeed. Instead, the correspondence was turned over to them by the FBI as part of the new way of governing or punishing in this country.

The Count in question—incidentally the correspondence is old—is or was in Brazil. Any letters to him had to pass through the censor. Undoubtedly the woman knew this but assumed she was protected in any expressions of endearment just as are the sweethearts of soldiers overseas and vice-versa.

As a matter of information, censorship naturally passes on the contents of questionable correspondence to the FBI. One of Washington's highest war officials experienced considerable embarrassment about a year ago because a woman of whom he was enamored, a foreigner, wrote him from Cuba.

Undoubtedly in the case we are discussing, the FBI made a full investigation, and satisfied itself that while an indiscretion might be involved there was nothing actually wrong. But many months later, when the woman gets into a political controversy, they slip the embarrassing correspondence to their two columnist friends.

Maybe this would not constitute such an important case in itself.

(Continued on page 1434)

Irving Olds On Some Aspects Of The Nation's Post-War Problems

Industrial Executive Holds Most Important Task Is Maintenance Of Maximum Employment—For This, Industry Is Not Alone Responsible—Opportunity Must Be Given To Technical Development And Tax Laws Should Permit Ready Employment Of Risk Capital—"There Must Be A More Cordial Understanding Between Government, Industry And Labor."

By IRVING S. OLDS*
Chairman, Board of Directors, United States Steel Corporation

Irving S. Olds

Your able President, Mr. Donald S. Stralem, has given an outline of the problems which seem likely to confront the Travelers Aid Society of New York, once this terrible war is at an end. The probable difficulties facing your Society in the post-war period, about which Mr. Stralem has spoken so well, are in essence the same as those which I believe will then confront industry and the nation as a whole. The problem boils down to a readjustment of our activities so as to keep in tune with changed conditions at the end of the war, and at the same time carry out our separate responsibilities as members of society. How can this be done so as best to serve the public interest? At the outset, I want to tell you that I have no patented specific—no "Open Sesame"—to accomplish this result.

To my way of thinking, one of the most important tasks of post-war days will be the maintenance of the maximum amount of gainful employment. If our people are employed, they are happy—they have money to spend—they are engaged in the vitally important business of production. Under such a state of affairs, the nation's economic machinery will be in motion. Our standard of living is almost certain then to be on the upward grade.

Almost every week I read a statement by someone that "full employment," or "reasonably full employment" is the responsibility of "industry." Undoubtedly that is an easy statement to make. It sounds plausible to argue that inasmuch as industry is the employer, industry must provide jobs to keep our people at work. I fear, however, that the situation is far more complex than may appear to one who confines his thinking to the assumption that if industry keeps on turning out its products, there will be ample employment for all who wish to work.

In the first place, what is meant by "industry"? There is no unit—no entity—answering that description. American industry is comprised of every productive force in this broad land. It embraces small concerns with only a few employees; medium-sized companies having a staff of a dozen or

(Continued on page 1432)

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*Remarks made at the Annual Meeting of Travelers Aid Society of New York, at Waldorf-Astoria Hotel, New York City, March 29, 1944.

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Congressmen Discuss Internat'l Monetary Stabilization Plans

Representative Smith, Republican Of Ohio, Contends The British And American Proposals Are Similar And Would Substitute For Gold A Fictitious International Monetary Unit

By Hon. FREDERICK C. SMITH*
Representative in Congress from Ohio

Frederick C. Smith

Lord Keynes looks upon his international stabilization scheme as the nucleus for the construction of a universal and all-pervasive centralized international power to regulate the economies, governments, and individual lives of the people of the whole earth. To the foregoing he adds that it "might become the instrument and the support of international policies in addition to those which it is its primary purpose to promote"; that it "might become the pivot of the future economic government of the

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*Extract from a speech in the House of Representatives March 22, 1944. Mr. Smith is a member of the House Banking and Currency Committee.

(Continued on page 1431)

Representative Patman, Democrat Of Texas, Holds Plans Not Sufficiently Mature For Sharp Criticism—Denies American Plan Is "Nothing But Rewording Of British Proposal"

By Hon. WRIGHT PATMAN*
Representative in Congress from Texas

Wright Patman

The international stabilization fund project which we have heard criticized so sharply is not by any stretch of the imagination far enough along to warrant such detailed discussion. Moreover, the criticism is based chiefly upon a preliminary draft which, I understand, has been worked over and changed materially by the technical people of 30-odd countries since its publication four months ago.

It seems to me, however, there is a far larger issue at stake than whether or not a stabilization plan which might conceivably be adopted by this or any other gov-

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*Speech in the House of Representatives, March 22, 1944.

(Continued on page 1431)

Frank and Blunt

"The reason for so long a delay in fulfillment of this obligation [to surrender oil and coal concessions in north Sakhalin Island] on the Japanese side is not difficult to understand if you take into account the situation created soon after the signing of the Soviet-Japanese neutrality pact compared with the situation obtaining when the question was again brought up and solved in the Soviet-Japanese agreements of March 30.

"The Soviet-Japanese neutrality pact, as is known, was signed on April 13, 1941, and in June of that same year Hitlerite Germany, an ally of Japan, perfidiously invaded the Soviet Union.

"At that time, among Japan's political leaders the myth was still current about the 'invincibility' of the Hitlerite army and the belief was still strong that Hitler's insane plans would be carried out.

"But some time has passed and that myth was dispelled by the heroic deeds of the Red Army, which tore up the robber plans of the German Fascists. This was assisted also by the military operations of our allies. The belief in the invinciblity of the German war machine was undermined. The inevitable defeat and ruin of Hitlerite Germany became plain. The Red Army and the Soviet nation, based on the invincible and ever-increasing strength of the Soviet state, not only halted the enemy invasion but also inflicted such decisive defeats on Hitler's armies as to bring about a fundamental change in the entire World War. Hitler's plans for isolating the USSR have failed.

"In the course of the war its [Russia's] international position has been strengthened further. The mighty anti-Hitlerite coalition of three great powers was created and strengthened and their fighting alliance strengthened, finding its expression in the historic decisions of the Moscow and Teheran conferences on the coordination of plans for the defeat and extermination of Germany's military forces."—Pravda.

Such frankness in world politics is indeed rare.

We sometimes wonder if corresponding candor—if not similar bluntness—would not at times serve us better than the customary popular palaver.

The State Of Trade

Industrial production the past week was characterized by mostly favorable results. Output of electricity advanced by 12.2% over a year ago and scheduled production of steel for the current week was expected to reach a higher level than the week previous. Bituminous coal output also showed good results last week, while carloadings of revenue freight for the week ended March 25, revealed a decline of 1% over a week ago. Retail trade as in past weeks was rather brisk with increases running as high as 46% over a like period one year ago.

The stock market the past week was for the most part selective with many issues stronger than the averages indicated, while others showed small net losses. As revealed by Dow-Jones, the industrial average ended at 138.84 compared with 139.19 at the previous Saturday's close, the railroads slipped to 39.61 against 40.13, while utilities dropped to 23.08 as compared with 23.46, one week ago. Among the high-priced stocks in demand last week, chemicals were favored, while many lower-priced railroad shares were signaled out for speculative interest.

Further impetus was given to the pressing problem of contract termination at the close of last week by the Senate post-war policy committee in its decision to follow the first recommendation of the Baruch report and sponsor a bill to provide a director of contract settlement. It is proposed that this director will function within the present Office of War Mobilization, but will be authorized to take over inventories and also to "prescribe the broad policies for all agencies dealing with the subject." In discussing the bill, Senator Walter F. George, Democrat, of Georgia, stated, "the whole purpose of the committee's action today, is to center legislative action on contract termination and adjustment. And our recommendations to the Senate Military Committee will be limited to the subject of contract termination. Meanwhile, the overall organization of demobilization, the policy and procedure for plant and property disposal will be studied by the post-war committee with a view to later action."

Reviewing the results of production of electricity, we note that output of electricity increased to 4,409,159,000 kilowatt hours in the week ended March 25, from 4,400,246,000 kilowatt hours in the preceding week, as reported by the Edison Electric Institute. The current figures represent a gain of 12.2% over a year ago total of 3,928,170,000.

Consolidated Edison Company of New York reports system output of 202,072,000 kilowatt hours in the week ended March 26, and compares with 165,446,000 kilowatt hours for the corresponding week of 1943, or an increase of 22.1%.

Turning to the railroads we find that carloadings of revenue freight for the week ended March 25, totaled 778,925 cars, the Association of American Railroads announced. This was a decrease of 7,517 cars, or 1% below the preceding week this year, and a decrease of 8,415 cars, or 1.1% below the corresponding week of 1943.

The same source reveals that freight car loadings in the second quarter of 1944 are expected to be about 3% above actual loadings in the same quarter in 1943. This estimate was compiled by the 13 Shippers' Advisory Boards, and on the basis of this estimate, freight car loadings of the 28 principal commodities will be 9,209,507 cars in the second quarter of 1944. This compares with 8,943,554 actual car loadings for the same commodities in the corresponding period in the preceding year. The Association of American Railroads pointed out that seven of the 13 Shippers' Advisory Boards estimate an increase in carloadings for the same quarter of 1944 compared with the same period in 1943, while six estimate decreases.

Sifting the week's news for the steel industry, we learn from "Steel" magazine that higher prices on such steel products as rails, heavy plates, standard shapes, carbon bars and some grades of sheets are expected to be announced the present week by the OPA as a result of a study of the situation in cost sheets of practically the entire industry. The increases are expected to go into effect on April 15. The changes are the result of a study of present costs, according to "Steel," and do not take into account the added expense involved in the portal-to-portal miners' pay recently sustained by the Supreme Court, nor whatever wage increase may be allowed in the case now before a panel of the War Labor Board. As to production itself, the magazine reports that steelmakers believe the present pressure for steel delivery will be sustained past the middle of the year with only unforeseen developments in the military situation altering the course of production materially.

Speaking before a War Labor Board panel, Philip Murray, President of the CIO United Steel Workers, said that he regarded the action's no strike pledge as "a sacred commitment" and placed the blame for interruptions in work to the provocations of management and to a few "irrascible" individuals in local unions. Summing up the union's case in support of the requested wage increase of 17 cents an hour and other concessions, the panel over the nation's protest granted the 94 responding steel companies an extension to April 18, to begin the presentation of their case. The panel instructed them, however, that any affirmative demands must be served on the union by April 11.

As for production of steel, The American Iron & Steel Institute places scheduled output for the week beginning April 3, at 99.5% of rated capacity, equivalent to 1,782,300 tons of steel ingots and castings. This compares with operations at the rate of 99.1% and output of 1,775,200 tons a week ago; the figure for the current week establishes a new peak since Oct. 11, 1943.

Bituminous coal production as reported by the National Coal Association advanced 100,000 net tons in the week ended March 25, from the preceding week. Output for the current period aggregated approximately 12,020,000 tons compared with 11,920,000 tons, the week before. Production to date stands at about 150,947,000 tons, compared with 146,587,000 in the same period of the previous year.

The month of March saw aircraft plants of the United States establish a record production of planes. Aircraft produced during the month exceeded more than 9,100 units which was the best month in the history of the industry. The March total was several hundred planes ahead of schedule and compared with 8,760 units turned out in February and similar totals for previous months.

The greater percentage of planes to roll off the assembly lines were tactical types, such as long-range fighters, bombers and transports, with less emphasis placed on training planes, making for a consequent sharp reduction in this type. For the month of February, tactical types constituted 84% of output.

The splendid record achieved the past month the industry attributes to a combination of factors, primary of which, were fewer changes in design, reduced absenteeism among workers and the 31-day month.

On Saturday last, the OPA paved the way for higher prices on lightweight newsprint by allowing United States producers hereafter to sell this kind of newsprint for $4 a ton above the maximum price of the standard-weight product. A further stipulation made by this Agency was that this type of newsprint manufactured outside the United States could be bought by American users until July 31, at a price differential above the ceilings for standard-weight, to be agreed upon between the seller and the purchaser, subject to the limitation that the differential not go over the manufacturer's estimate of higher production costs. Lightweight newsprint as a rule is 30-pound paper, while Standard runs about 32 pounds in weight

Treating upon retail trade in New York for the past week it is noted that the same factors prevailed as in previous weeks to give impetus to department store sales, such as Easter purchases and the intent of many to be ahead of the 20% excise levy. Estimates of the trade indicated that department stores in New York had increases ranging up to 40% or more over the like week in 1943.

Department store sales on a country-wide basis rose 17% for the week ended March 25, compared with the like week a year ago, the Federal Reserve Board reports, while sales for the four-weeks' period ended March 25, advanced by 12% compared with a similar period last year.

The week-end brought cheering news to war-damage policy holders through the announcement on Saturday last, of Secretary of Commerce Jesse Jones, that the War Damage Corporation has extended automatically for one year all policies in force on March 31, in consideration of premiums previously collected. The announcement said no action of any kind was required of policy holders to keep the insurance in force for the additional year. Mr. Jones, who is also Chairman of the WDC, revealed that the corporation had collected through Dec. 31, premiums totaling $218,000,000 after payment of all expenses, against claims of only $72,899.24, which are in process of adjustment. The free extension of the insurance coverage, Mr. Jones added, was "with the approval of the President and also with the unanimous approval of representatives of the insurance companies participating in the program."

The American Bankers' Association on Friday, last, through its President, A. L. M. Wiggins, went on record before the Senate Banking Committee, considering the bill to extend the life of the Federal Price Control Act beyond June 30, as endorsing the continuation of authorities designed to control inflation. Pointing out that his organization represents 93% of all banks doing a regular banking business, Mr. Wiggins said the threat of inflation is a threat to the value of money deposited in the banks and likewise a threat to the welfare of the people. Treating further upon the subject, he asserted, that price control and rationing were not pleasant but were totalitarian in nature and went against the grain of the American people, but that they constitute "a necessary evil in time of war." Mr. Wiggins also expressed the opinion that at least some portions of the Act should be retained in the post-war period.

Senate Denies TVA Use Of Funds Under Appropriations Bill

At a session on March 24, during which remarks of Vice-President Wallace were vigorously attacked, the Senate voted 39 to 23 to incorporate in the $8,577,933,978 Independent Offices Appropriations Bill an amendment denying the Administration's Tennessee Valley Authority the right to use its power and fertilizer receipts to finance its operations. Under the proposal, upon which the House has yet to act, TVA's receipts would have to be paid into the general fund of the Treasury, and its spending would be limited strictly to such money as Congress appropriated.

The use of the words "legislative trick" by the Vice-President in a parliamentary ruling during the session brought from Senator McKellar the rejoinder, it was reported by the Associated Press:

"I denounce the statement of the Chair that I've undertaken to trick the Chair." Declaring that "I don't resort to tricks," the Senator asserted that the remarks should be withdrawn.

From the Associated Press we also quote:

"Asserting that he meant no reflection on Senator McKellar, Mr. Wallace said that he would be 'happy to do so.' The exchange developed during stormy debate over Senator McKellar's proposal to strip the Tennessee Valley Authority of its revolving fund.

"After a series of motions, Mr. Wallace told the Senate that he would not allow one point of order against the proposal to obviate Senatorial consideration of another point of order directed at the pending amendment. To allow this to happen, Mr. Wallace said, would amount to 'a legislative.'"

Senator McKellar's vigorous protest followed.

Ruml To Speak At Seminar On Economic And Social Trends

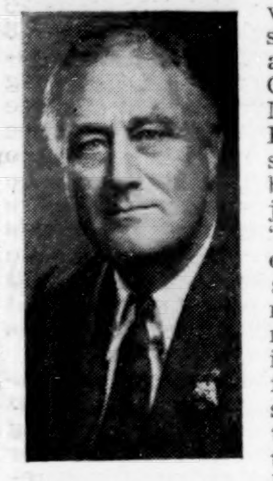
Beardsley Ruml, Chairman of the Federal Reserve Bank of New York and author of the national taxation program which bears his name, will be a speaker at the Seminar on Current Economic and Social Trends at the Waldorf-Astoria, New York, April 21, under sponsorship of New York Chapter, Chartered Life Underwriters. Other speakers previously announced by Benjamin D. Salinger, General Committee Chairman, are: Walter D. Fuller, President of the Curtis Publishing Co.; William Harold Cowley, President of Hamilton College, and Dana Gardner Munro, Professor of Latin American History and Affairs at Princeton University.

Economic problems which will face the nation following conclusion of the European war will be considered by Mr. Ruml, who has intimate acquaintance with the best thought on these questions by reason of his position as advisor of the National Resources Planning Board and Director of the National Bureau of Economic Research. He has had exceptional opportunity to study modern distribution methods as Treasurer of R. H. Macy & Co., a job he has held since his resignation in 1933 as Dean of the Social Science Division and Professor of Education at the University of Chicago.

Mr. Ruml was Director of the Laura Spelman Rockefeller Memorial from 1922 to 1929, and since that time has been a member of the Spelman Fund's board of trustees. He was employed for a period as Assistant to the President of the Carnegie Corp. of New York.

Soldier Vote Bill Becomes Law Without Signature Of President

Roosevelt In Message To Congress Calls Measure Inadequate, Asks Amendments



President Roosevelt

The Soldier Vote bill which was approved by Congress in the middle of March has been permitted by President Roosevelt to become a law without his signature. In a message to Congress on March 31, the President states that the bill in his judgment is "wholly inadequate to assure to service men and women, as far as is practically feasible, the same opportunity which they would have to vote if they were at home." The confusing provisions of the bill are viewed by the President as making it impossible for him "to determine whether in fact more service men and women will be able to vote under the new measure than under existing law."

Following the adoption by Congress (the Senate acted March 14 and the House March 15) of the bill as agreed upon in conference, the President, as noted in our issue of March 23, page 1233, telegraphed the Governors of all the States asking whether "the use of the supplemental Federal ballots provided for in the bill would conform to the laws of their States. In his message to Congress, the President states that "the response of the Governors to my questions and reports made to me by the War Department indicate that many States have not yet taken action to make the bill as fully effective as it could be and that a considerable number of States do not presently contemplate taking such action." The President appealed "to the States to see that the postal card application forms for State ballots distributed by the Federal Government to the troops are treated as a sufficient application for their State ballot and not merely as a request for a formal application for a State ballot." He likewise appealed to the States "to authorize the use of the Federal ballots by all service people from their States who have not received their State ballots before an appropriate date."

In the message Congress is appealed to by the President "to amend the present bill, S. 1285, so as to authorize all service men and women who have not received their State ballots by an appropriate date, whether or not they have formally applied for them, to use the Federal ballot without prior express authorization by the States." If the States "do not accept the Federal ballot," says the President, "that will be their responsibility. Under this bill that responsibility is shared by the Congress."

It was noted in Associated Press advices from Washington March 31 that Congressional reaction to the President's request varied, but the tone of his message brought generally favorable comment.

The Associated Press added:

"It was sharply restrained by comparison with the message he sent to the capitol when the bill was pending and which called proposals for State ballots a 'fraud' on those in the services.

"Senators Green (Dem.-R. I.) and Lucas (Dem.-Ill.) announced they would introduce legislation in line with the President's proposal.

"Friday midnight (March 31) was the deadline for Mr. Roosevelt to veto the bill, sign it or let it become law without his signature."

The President's message to Congress follows:

To the Congress of the United States:

I am permitting S. 1285, entitled "An Act to Facilitate Voting, in Time of War, by members of the land and naval forces, members of the Merchant Marine, and others absent from the place of their residence, and to amend the act of Sept. 16, 1942, and for other purposes," to become law without my signature.

The bill is, in my judgment, wholly inadequate to assure to service men and women as far as is practically feasible the same opportunity which they would have to vote if they were at home.

Because of the confusing provisions of the bill and because of the difficulty of knowing just what will be the practical effect of the bill in operation, it is impossible for me to determine whether in fact more service men and women will be able to vote under the new measure than under existing law. That determination will largely depend upon the extent to which the States cooperate to make the measure as effective as its provisions permit. In view of this situation, I have resolved the doubt in favor of the action taken by the Congress, and am permitting the bill to become law without my approval.

In other words, this bill might fairly be called a standing invitation to the several States to make it practicable for their citizens to vote: in this sense the Congress is placing a certain responsibility on each State for action. But it will, of course, be understood by those in the armed services, who want to vote but cannot, that the Congress itself shares the responsibility through the complexities of this bill.

The issue regarding soldiers' voting has been confused. The issue is not whether soldiers should be allowed to vote a full ballot, including State and local offices, or a short ballot confined to Federal offices. I am, and always have been anxious to have the Federal Government do everything within its power compatible with military operations to get the full State ballots to the men and women in the service.

I always have been, and I am now, anxious to have the States do everything within their power to get the full State ballots to the men and women in the service.

The real issue is whether after the States have done all that they are willing to do to get the full State ballots to the men and women in the service, and after the Federal Government has done everything within its power to get the full State ballots delivered to the men and women in the service, those who have not received their full State ballots should be given the right to cast a short, uniform Federal ballot which can readily be made available to them. This right, which should be assured to all men and women in the service, is largely nullified by the conditions which the provisions of this bill attach to its exercise.

In my judgment, the right of a soldier to vote the Federal ballot if he does not receive in time his State ballot should not be conditioned, as it is by this bill, upon his having made a prior application for a State ballot, or upon the prior certification by the Governor of the State that the Federal ballot is acceptable under State law. This bill provides a Federal ballot, but, because of these conditions, it does not provide the right to vote.

The Federal Government will and should do everything it can to get the State ballots to our men and women in the service. But it is not in my judgment true, as some have contended, that the Federal Government can assure the use of State ballots as readily as the use of Federal ballots. No matter what efforts the Federal Government makes, in many cases it will not be possible to insure the delivery in time of State ballots to designated individuals all over the world or their return in time to the respective States.

Some of the service men and women, not knowing where they will be a month hence or whether they will be alive, will not apply for their ballots. Others will not receive their State ballots in time or be able to get their ballots back to their States in time. Remember that a number of States will require a special form of application and that the postal-card application forms supplied by the Federal Government are only treated as an application for an application for a State ballot.

The Federal Government can ensure, and in my judgment it is the duty of the Federal Government to ensure, that every service man and woman who does not get his State ballot in time shall have the right to use a short and uniform Federal ballot.

It is in my judgment within the authority of the Congress to use its war powers to protect the political rights of our service men and women to vote for Federal offices as well as their civil rights with respect to their jobs and their homes. If Congress did not hesitate to protect their property rights by legislation which affected State law, there is no reason why Congress should hesitate to protect their political rights.

In 1942 Congress did exercise the war powers to provide Federal war ballots and they were counted in almost every State. What was constitutional in 1942, certainly is not unconstitutional in 1944.

In allowing the bill to become law, I wish to appeal to the States, upon whom the Congress has placed the primary responsibility for enabling our service people to vote, to cooperate to make the bill as fully effective as its defective provisions will allow. The response of the Governors to my questions, and reports made to me by the War Department, indicate that many States have not yet taken action to make the bill as fully effective as it could be and that a considerable number of States do not presently contemplate taking such action.

I wish also to appeal to the Congress to take more adequate action to protect the political rights of our men and women in the service.

It is right and necessary that the States do all in their power to see that the State ballots reach the men and women in the service from their States. In particular, I appeal to them to see that their State laws allow sufficient time between the time that their absentee ballots are available for distribution and the time that they must be returned to be counted.

I also appeal to the States to see that the postal-card application forms for State ballots distributed by the Federal Government to the troops are treated as a sufficient application for their State ballot and not merely as a request for a formal application for a State ballot.

I also appeal to the States to authorize the use of the Federal ballots by all service people from their States who have not received their State ballots before an appropriate date, whether or not they have formally applied for them. No State or Federal red tape should take from our young folk in the service their right to vote.

I further appeal to the Congress to amend the present bill, S. 1285, so as to authorize all service men and women who have not received their State ballots by an appropriate date, whether or not they have formally applied for them, to use the Federal ballot without prior express authorization by the States. If the States do not accept the Federal ballot, that will be their responsibility. Under this bill, that responsibility is shared by the Congress.

Our boys on the battlefronts must not be denied an opportunity to vote simply because they are away from home. They are at the front fighting with their lives to defend our rights and our freedoms. We must assure them their rights and freedoms at home so that they will have a fair share in determining the kind of life to which they will return.

FRANKLIN D. ROOSEVELT.
The White House, Mar. 31, 1944.

Post-War Continuance Of Price Control Urged By Marriner Eccles And Donald Nelson

The continuation of the Administration's stabilization program for two years after the war "to maintain the public faith and the value of the dollar" was urged on March 24 by Marriner S. Eccles, Chairman of the Board of the Federal Reserve System, in testifying before the Senate Banking and Currency Committee considering legislation for the extension of the price control law which expires June 30. The committee is considering a one-year extension. Donald M. Nelson, Chairman of the War Production Board, who was also heard by the Committee on March 24, likewise advocated the continuance of the price and other stabilization controls. Mr. Nelson, according to the Associated Press, termed stabilization controls essential, pointing out that the nation is "just approaching the peak demand for war production." The advices from which we quote added in part:

However, he (Mr. Nelson) declared that the need had passed for a national service act, which was recommended by the President to authorize the drafting of civilian labor for essential industries, although he said a limited service law would help the manpower situation.

Mr. Nelson spoke favorably toward the practice of paying bonuses for marginally produced copper and other vital raw materials.

He told the committee that high cost producers would be cut back first when war output is curtailed, particularly in the mining industry. In other lines he said it might be necessary to cut back low cost producers if the manpower suply is available to the high cost producers.

Pointing out that Mr. Eccles told the Committee that he assumed the (price control) legislation would be extended "without hampering amendments," special advices to the New York "Times" from Washington March 24 also had the following to say:

He voiced the hope that the extension would be "for a sufficient time after the war to allow industry to get back to producing a supply of goods to meet the demand."

"Inflationary pressures" were increasing and would continue to increase, he said, until conversion to peacetime production had been achieved and a balanced budget was in prospect.

"Dreadful retribution" would face Congress if it failed to take the action necessary to continue stability of the dollar's buying power, he warned. Dependent for their future prospects on such stability, he added, were "countless millions" who had invested in life insurance, in Social Security and other pension funds; the holders of more than $30,000,000,000 of bank deposits; churches, educational institutions and other agencies deriving support from invested funds, and returning veterans who had stakes in many of these savings.

To extend the law for only a year, as the pending bill proposed, he said, would not adequately meet the situation.

"Uncertainty would continue to exist," he continued, "as to what action may be taken when the year expires. There would be hesitancy about making long-term plans or commitments."

A bill to extend the legislation for two years after the war ended could well contain a provision that Congress could end its authority sooner by joint resolution, he suggested.

If the law were not needed in the post-war period, it would not be used, but if it were on the statute books "it will give confidence that inflation is not going to happen here."

Mr. Eccles emphasized his view that while price-control legislation was not perfect, "we had better leave well enough alone."

The cost of living had gone up only 26% in the 53 months between August, 1939, when the war began, until January this year, he stated, while in the same period of the last war it increased 65%, with war expenditures by this country only about a sixth of the present war investment.

"The achievement has been phenomenal, beyond the hopes of the most optimistic," he asserted.

If the doors were opened for perfecting amendments, in an effort to achieve a practically impossible complete equity in wartime, he held, no one could say what the final result might be.

Urging continuance of the legislation into the post-war period, he said that the greatest inflationary danger came not during war but in the aftermath when a war-weary people wanted to throw off the war restrictions.

The "enormous store of funds" accumulated by consumers because of lack of consumer goods "could result in ruinous inflation if prematurely spent," he said, "but could be a source of infinite benefit if held in restraint until goods and services become available in sufficient abundance to match the stored-up buying power."

The particular interest of the Federal Reserve System in the problem, he said, came because failure to sustain public faith in the dollar's value would cause a liquidation of securities, forcing the system to absorb the bonds thus liquidated. This would result, he stated, in the System having to pump that much more money into the economy, "with increasingly perilous results."

Congress Recesses From April 1 Until April 12

Under a resolution adopted by the Senate and House, Congress recessed incident to the Easter holidays from April 1 to April 12. It had been planned to begin the recess period on March 30, but inasmuch as the President had not on that date indicated his intentions as to his action on the soldier vote bill, the Senate amended the resolution on March 30, fixing the date of adjournment as April 1. The House agreed to the change on March 31. The President had until March 31 to make known his stand on the bill, and in a message to Congress on that date he permitted the measure to become a law without his signature.

The Financial Situation

(Continued from first page)

duction during wartime has led many of us to overlook that vital element of cost, which in ordinary times so extensively controls the course of business and employment. Of course the practical business executive has not forgotten about it. Such vital considerations have been too deeply instilled into his system by long and successful experience. But many of the rest of us appear to have overlooked the fact that the cost of production of almost everything is at this moment far in excess of what it was even in 1941, when it had already risen substantially. That lack of attention to, or of interest in, costs on the part of the rank and file has the result of making the body politic indifferent to conditions which render it difficult if not impossible for the practical businessman to control his costs. It may be an almost fatal deficiency.

The most important element in the increase in costs during the past half dozen years, and the past two or three years are certainly no exception, is labor. Nor is there evidence of consequence that organized labor is more interested now than formerly in lending a hand in the control of costs. Neither do most of the post-war plans or views as expressed by labor leaders give encouragement in this regard. They evidently are a bit nervous about employment when the war is over, but their idea of insuring employment will not bear close scrutiny.

Labor Monopolies

Worst of all, both labor leaders and government are doing all they can to create a large number of labor monopolies throughout industry and trade. In the current issue of "The Journal of Political Economy," Prof. Henry C. Simons, of the University of Chicago, in the course of a penetrating discussion of certain aspects of this situation, says:

"What we generally fail to see is the identity of interest between the whole community and enterprises seeking to keep down costs. Where enterprise is competitive—and substantial, enduring restraint of competition in product markets is rare—enterprisers represent the community interest effectively; indeed, they are merely intermediaries between consumers of goods and sellers of services. Thus, we commonly overlook the conflict of interest between every large organized group of laborers and the community as a whole. What I want to ask is how this conflict can be reconciled, how the power of strongly organized sellers can be limited out of regard for the general welfare. No insuperable problem arises so long as organization is partial and precarious, so long as most unions face substantial non-union competition, or so long as they must exercise monopoly powers sparingly because of organizational insecurity. Weak unions have no large monopoly powers. But how does a democratic community limit the demands and exactions of strong, secure organizations? Looking at the typographers, the railway brotherhoods, and metropolitan building trades, among others, one answers simply: It doesn't!

"In an economy of intricate division of labor, every large organized group is in a position at any time to disrupt or to stop the whole flow of social income; and the system must soon break down if groups persist in exercising that power or if they must continuously be bribed to forego its disastrous exercise. There is no means, save internal competition, to protect the whole community against organized labor minorities and, indeed, no other means to protect the common interest of organized groups themselves. The dilemma here is not peculiar to our present economic order; it must appear in any kind of system. This minority-monopoly problem would be quite as serious for a democratic socialism as it is for the mixed individualist-collectivist system of the present. It is the rock on which our present system is most likely to crack up, and it is the rock on which democratic socialism would be destroyed if it could ever come into being at all."

If anyone supposes that these observations have no immediate, practical bearing on the current state of affairs, let him examine the course of the steel wage negotiations now under way, or study what the motor industry unions are saying!

But the issue is a good deal broader than commonly supposed. Again we quote Professor Simons:

"I am arguing, however, not as a socialist, but as an advocate of the elaborate mixed system of traditional economic liberalism. The essence of this practical political philosophy is a distrust of all concentrations of power. No individual may be trusted with much power, no organization, and no institution save the State itself. The State or sovereign must, of course, possess great reserves of power, if only to prevent other organizations from threatening or usurping its monopoly of violence. But the exercise of power inherent in government must be rigidly economized. Decentralization of government is essential. Indeed, the proper purpose of all large-scale organization or federation—as should be obvious to people facing the problem of world order—is that of dispersing power."

Helpful post-war planning should obviously begin with a closer examination of war and immediate prewar developments within our own economy.

Senate Judiciary Committee To Investigate All Executive Orders Since 1933

The issuance of 3,361 executive orders by President Roosevelt in the last 11 years was attributed to the influence of Supreme Court Justice Felix Frankfurter, a New Deal adviser from the beginning by Senator Shipstead (Republican) of Minnesota, according to a United Press advice from Washington on March 31, which went on to say:

"Senator Shipstead made this statement as the Senate Judiciary prepared to open an investigation into the legal authority for every executive order issued by the Federal Government since the start of the Roosevelt administration.

"The investigation and a $5,000 appropriation to defray expenses were authorized unanimously by the Senate yesterday.

"Senator Shipstead, author of the proposal, said the inquiry not only would cover the 3,361 Presidential orders but the rulings of various executive agencies, such as OPA, WPB, WLB and others, under grants of power received from the President.

"'It will go into the basic problem of whether we shall have law by administration or law by legislation,' he said. The probe will include, he added, the legality of penalties assessed by the OPA and other agencies for infractions of their executive decrees.

"'Mr. Frankfurter taught the theory of administrative law at Harvard law school,' Senator Shipstead said. 'He and Justice Roberts dissented recently when the Supreme Court ruled that a person adversely affected by one of the executive rulings may take an appeal to the courts.

"'Justice Frankfurter held the position that such recourse is not open unless the law so stipulates. That runs contrary to the basic principle of our Constitution.'

"The resolution provides that the survey shall be completed and recommendations made to the Senate before the present Congress expires next January."

Representative Doughton Takes Exception To Baruch's Post-War Tax Bill

Representative Doughton, Chairman of the House Ways and Means Committee, on March 31 took exception to the recommendation of Bernard M. Baruch for immediate enactment of a post-war tax bill, said an Associated Press dispatch from Washington on March 31, which added:

"Saying he doubted that even a 'crystal-gazer' could forecast revenue problems in the transition from war to peace, Mr. Doughton remarked, 'We've got about all we can do to keep up with wartime taxation problems.'

"However, he said, that if the Committee wants to tackle post-war revenue problems now, he will cooperate.

"Representative Knutsen (Rep.-Minn.), minority leader of the Ways and Means group, said he thought Mr. Baruch, co-author with John M. Hancock of a post-war planning report, should be invited before the Committee to elaborate his ideas on post-war tax planning.

"'We can't do anything about post-war tax rates now,' Mr. Knutsen said, 'but I believe we could set up the framework. We can't write rates until we know what the post-war Federal budget will be.'

"Republican leader Martin has named a 25-member House Republican Committee, headed by Representative Reed (Rep.-N. Y.), to study post-war taxation problems."

Reference to the action of Representative Martin in naming 25 Republican members of the House to develop a post-war tax program was made in our issue of March 23, page 1231.

Supreme Court Upholds OPA Price Fixing And Rent Control Program

The U. S. Supreme Court upheld on March 27 the constitutionality of the price-fixing provisions of the Emergency Price Control Act and the OPA'S rent control program. In the price-fixing case, said the Associated Press, Chief Justice Stone wrote the 6-3 opinion on appeals by two Boston meat dealers from their conviction on charges of selling beef at prices above the OPA maximum.

The opinion stated, "Congress could make criminal the violation of a price regulation."

Justices Roberts, Rutledge and Murphy dissented. The further Associated Press accounts (from Washington, March 27) said:

"The decisions on price and rent control came at a time when a move is underway in Congress to limit the price administrator's authority.

"In a 6-to-3 opinion affirming the conviction of two Boston meat dealers, accused of violating price regulations, the court declared that the Price Control Act constitutes a valid Congressional exercise of legislative power and that Congress has set forth its objectives, prescribed methods for reaching the objectives and laid down standards for the price administrators.

"'The standards prescribed by act," Chief Justice Stone's opinion declared, "are sufficiently definite and precise to enable Congress, the courts and the public to ascertain whether the administrator, in fixing the designated prices, has conformed to those standards.'

"The same considerations involving price regulations apply equally to rent controls, the Court ruled in an 8-to-1 decision reversing a Georgia Federal District Court that held the rent control unconstitutional.

"Answering a contention that the rent control provisions are unfair to some landlords despite the requirements for 'fair and equitable rents,' the Court said:

"'A nation which can demand the lives of its men and women in the waging of war is under no constitutional necessity of providing a system of price control on the domestic front which will assure each landlord a fair return on his property.'

"Justice Roberts dissented in both the rent and price fixing cases, asserting that the price control legislation represented an unconstitutional delegation of legislative powers. In the rent case, he said that he was not urging that rent and prices should go uncontrolled and unstabilized in war time."

The 1942 Federal Price Control Act was upheld as constitutional on March 21 by the Illinois Supreme Court, which likewise upheld the right of a customer to bring suit in Illinois courts for recovery of three times the amount of overcharges or $50, whichever is greater, in violations of OPA price ceilings. From Springfield, Ill., the Associated Press had the following to say:

"The ruling on the act was the first by the Illinois tribunal, which said the U. S. Supreme Court had not passed on it.

"The High Court ruled 'the war powers of Congress are and of necessity must be practically unlimited,' in dismissing a contention the price ceiling act was not within Congressional authority.

"The opinion affirmed a Cook County municipal court judgment involving sales of canned asparagus soup and granting $100 and attorney fees to Charles S. Regan of Oak Park."

As to the U. S. Supreme Court's findings as to rent control the Associated Press had the following to say:

"Judge Douglas delivered an 8-1 decision in the rent control case revolving about Mrs. Kate C. Willingham of Macon, Ga. Justice Roberts wrote a dissenting opinion.

"Chester Bowles, OPA administrator, sought, in the Federal District Court at Macon, to restrain Mrs. Willingham from prosecuting State Court proceedings, seeking to enjoin the issuance of an order fixing a rent ceiling for her property.

"The District Court held the legislation was an unconstitutional delegation of legislative power. The OPA appealed that decision directly to the Supreme Court."

Results Of Treasury Bill Offering

The Secretary of the Treasury announced on April 3 that the tenders for $1,000,000,000, or thereabouts, of 91-day Treasury bills to be dated April 6 and to mature July 6, 1944, which were offered on March 31, were opened at the Federal Reserve Banks on April 3.

The details of this issue are as follows:

Total applied for, $1,997,811,000.

Total accepted, $1,007,677,000 (includes $46,977,000 entered on a fixed-price basis at 99.905 and accepted in full).

Average price, 99.905+, equivalent rate of discount approximately 0.375% per annum.

Range of accepted competitive bids:

High, 99.910, equivalent rate of discount approximately 0.356% per annum.

Low, 99.905, equivalent rate of discount approximately 0.375% per annum.

(46% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on April 6 in the amount of $1,014,806,000.

Tenders Invited For 5% Bonds Of New S. Wales

Holders of external 5% sinking fund gold bonds due April 1, 1958, of the State of New South Wales, Australia, are being notified that the Chase National Bank, as successor fiscal agent, is inviting tenders for the sale to it, at prices not to exceed the principal amount and accrued interest, of an amount of these bonds sufficient to exhaust the sum of $230,115 now held in the sinking fund. Tenders will be opened at the office of the bank at 12 o'clock noon on April 10, 1944.

Soldier Vote Law Summarized

Elsewhere in these columns today we are giving the message of President Roosevelt to Congress on March 31 in which he set out his views on the soldier vote bill; while describing it as "wholly inadequate," he nevertheless permitted it to become a law without his approval. The bill as agreed on in conference, was adopted by Congress several weeks ago—by the Senate on March 14 and by the House on March 15; reference to the Congressional action appeared in our issue March 23, page 1233.

The bill (S. 1285) was enacted under the title "An Act to Facilitate Voting in Time of War, by Members of the Land and Naval Forces, Members of the Merchant Marine, and Others Absent from the Place of Their Residence, and to Amend the Act of Sept. 16, 1942, and For Other Purposes."

A summary of the law, as contained in special advices from Washington, March 31, to the New York "Times" follows:

"The Service Men's Voting Bill draws sharp distinctions between the use of the Federal (short ballot) and the full State ballots. Service members stationed in the United States are restricted, with a few stated exceptions wherein the States cannot provide their own, to the use of the State ballot and are required to apply for it on application forms furnished by the armed services. Armed forces overseas may use the Federal ballot, but only under prescribed conditions.

"An overseas voter, as in the case of one serving in this country, must apply for a home State ballot not later than Sept. 1. If he has not received his State ballot by Oct. 1 he may vote by Federal ballot provided that by July 15 the Governor of his State of voting residence has certified that the Federal ballot is authorized by the laws of the State. Without such action by the Governor that State's service citizens would lose the use of the short ballot.

"Free air-mail service is provided for all ballots, Federal and State, in primaries, general and special elections, where used by service personnel.

"It is stipulated, however, that the transportation of applications and ballots shall be guaranteed only to the extent consistent with unhampered movement of military and naval personnel and supplies.

"Voting privileges are extended in this country beyond the armed services to the United States Marchant Marine. Abroad they are given also to members of units of the American Red Cross, the Society of Friends, United Service Organizations (the USO) and the Women's Auxiliary Service Pilots.

"In a State which has no absentee balloting law the Federal ballot is extended to its citizens in service, here and abroad, but only if the Governor can certify that the short ballot will be acceptable under State statute.

Ballot Commission Created

"The new law establishes a United States War Ballot Commission, consisting of the Secretaries of War and of the Navy and the Administrator of the War Shipping Administration, to coordinate and facilitate the handling of applications for ballots and the ballots themselves.

"The Commission is directed to get applications for ballots in the hands of all service personnel in the United States by Sept. 15 and those overseas by Aug. 15. Prior sending of the application cards is provided for primary and special elections. (For some primaries, cards sent out under the 1942 Soldier Voting Law have been going out for months, thus enabling members of the armed forces to take part in primaries and special elections already held and scheduled.)

"When the service voter makes out his application for a State ballot he will mail it, not to the Federal Commission, but to the Secretary of State of his home State. The new law recommends that the Secretary of State, upon receipt of such applications, forward them promptly to the appropriate county, city or other election official or officials who would send the ballots out to qualified voters.

"The envelope in which the ballot is sent to the voter will also contain one for the return of the ballot, direct to the proper polling place. The Act recommends State legislative action to provide ample time for the transmissions of applications and ballots before election day.

Federal Ballot a Supplement

"As a pure supplement, the Federal ballot (official Federal war ballot) would be prepared by the Commission. It provides six places where the voter may write in the name of his choice for President (which also includes a vote for the Vice-Presidential nominee of the same party); United States Senator, United States Senator, unexpired term; Representative in Congress from the voter's home district and Representatives at large.

"No ballot, under the law, will be declared invalid by reason of mistake or omission in writing in the name of the candidate, where the candidate intended by the voter was plainly identifiable. Where, because of any defect in marking, a ballot were held invalid as to any particular candidate, it would remain valid as to the other candidates.

"The law declares that all service personnel voting under its terms shall have an opportunity to mark the ballot secretly, providing that the voter then shall place it in the official 'inner envelope' to be furnished, and seal it securely, fill in and subscribe the oath printed on the inner envelope and then prepare the outer envelope, enclose the ballot, seal it and deliver it to the proper authority for transmission to the home State.

"The Secretary of State of each State is directed to furnish the Federal Ballot Commission information for compiling a list of candidates and their parties for Senators and Representatives, this to be transmitted to the War and Navy Departments and the WSA for sending out to the armed forces as voting guides. Lists shall be provided even though they may be incomplete.

"Information as to candidates, however, shall be confined to name, address, party affiliation and the office for which nominated.

"Under the law it is unlawful for any commissioned officer, or non-commissioned, warrant or petty officer to attempt to influence any member of the armed forces to vote or not to vote for any particular candidate or to require any member to march to any polling place. But, it is stipulated, nothing in the law shall be deemed to prohibit free discussion regarding political issues or candidates for public office.

"The Federal Ballot Commission has no powers or functions with respect to the determination of the validity of ballots cast, such determination being made by the duly constituted election officials of the districts, precincts counties or other voting units in the States. Their decision is to be final to the same extent as in the case of ballots cast by others in person."

Supreme Court Approves Underground Travel Pay To Iron Miners—Decision Seven To Two

The U. S. Supreme Court on March 27 ruled that underground iron ore miners are entitled to portal-to-portal pay for the time spent traveling between the mouth of the mine and the place where the ore actually is mined, according to an Associated Press dispatch from Washington, D. C., which further went on to say:

Justice Murphy delivered the 7 to 2 decision, applying specifically to employees of the Tennessee Coal, Iron & Railroad Co., the Sloss-Sheffield Steel & Iron Co. and the Republic Steel Corp., operators of 13 mines in Jefferson County, Alabama.

At issue was whether the miners were entitled, under the Federal Wage-Hour Law, to be paid for all the time spent underground, except for the lunch period. The Federal Circuit Court at New Orleans had ruled for the miners.

The companies said that the Circuit Court decision had been used as "a judicial precedent in support of the claim of the United Mine Workers of America (UMWA) that it was the intention of Congress to include as part of the 'work-week' all of the underground time of coal miners."

Justices Roberts and Stone dissented from the opinion of the Supreme Court.

The majority opinion stated that the Fair Labor Standard Act "was not designed to codify or perpetuate those customs and contracts which allow an employer to claim all of an employee's time while compensating him for only a part of it. Congress intended, instead, to achieve a uniform national policy of guaranteeing compensation for all work or employment engaged in by employees covered by the Act. Any custom or contract falling short of that basic policy, like an agreement to pay less than the minimum wage requirements, cannot be utilized to deprive employees of their statutory rights."

The Court said that this decision does not "foreclose, of course, reasonable provisions of contract or custom governing the computation of work hours where precisely accurate computation is difficult or impossible. Nor are we concerned here with the effect that custom and contract may have in borderline cases where the other facts give rise to serious doubts as to whether certain activity or non-activity constitutes work or employment."

Justice Roberts in his dissent, said that at the time the Fair Labor Standards Act became effective, the miners were being paid on the basis of their time at their working places in the mines.

"The miners fully understood this basis," Justice Roberts said. "The Act was not intended by Congress to turn into work that which was not work, or not so understood to be, at the time of its passage.

"It was not intended to permit courts to designate as work some activity of an employee, which neither employer nor employee had ever regarded as work, merely because the court thought that such activity imposed such hardship on him or involved conditions so deleterious to his health or welfare that he ought to be compensated for them."

The basis of the suit was a ruling of the Wage and Hour Administration that underground travel time must be measured as working time for purposes of determining overtime after 40 hours weekly. The miners were represented by the CIO, Mine, Mill and Smelter Workers.

The wage-and-hour ruling did not apply to John L. Lewis' coal miners. A legal spokesman for the UMA said that the Supreme Court decision might be "persuasive, but not binding" on the Court so far as the coal miners' portal-to-portal pay issue was concerned. He added: "The factual situation in the coal case might be found to be different than in the iron ore miners' case."

[A contract providing "portal-to-portal" pay for coal miners is before the National War Labor Board for approval.]

Special Consideration To Be Given Scientists To Avoid Threat To War Production

A commitment to the effect that there would be special consideration in the matter of drafting those trained in the chemical industry, has been given by President Roosevelt it was made known on March 21, following a presentment to him by Dr. Charles L. Parsons, Secretary of the American Chemical Society. In a statement issued by the Society, and made public earlier in the month by Dr. Parsons it was declared that a disastrous decline in war production, constituting a direct threat to the success of the Allied arms, will result from the indiscriminate drafting of chemists, chemical engineers, and other technically trained professional workers. The statement was made public by Dr. Parsons, following a conference in Washington, called by the Society, of representatives of 82 companies engaged in the production of vital materiel

Dr. Parsons addressed the President on March 14 advising him of the views of those participating in the Conference and in reply the President wrote him as follows:

"Dear Dr. Parsons:

"I have your letter of March 14 on behalf of the American Chemical Society. As you know, there is great demand for men under 26 for combat duty overseas. In order to meet that demand it may be necesary to dip into the pool of man power now being used for war production, government and agriculture. In every case there will have to be a determination as to where each man can render the best service.

"I agree that where young men possess special skill, training and qualifications in chemistry, chemical engineering, physics or other scientific fields it would deter the conduct of the war to take them from their scientific work. This is particularly true of new scientific developments in which younger men have probably received better training than the older scientists.

"I thank you for writing, and desire to assure you that the special need for such men in scientific work in industry will be kept in mind as we proceed to draw more and more younger men into the armed services.

"Very sincerely yours,
"FRANKLIN D. ROOSEVELT."

The President's letter was interpreted by Dr. Parsons according to advices to the New York "Journal of Commerce" from its Washington bureau on March 21 to be a definite commitment, with respect to men 26 years or younger in the scientific field. "I don't think the President intends a blanket deferment for men in the chemical industry," Dr. Parsons was quoted as saying, "but I feel confident that greater consideration will be given to the importance of these positions."

The Society's statement issued earlier in the month said in part:

"The recent statement of the President of the United States requesting the Selective Service to review all industrial deferments is being interpreted by many state directors of Selective Service as virtually an order of withdrawal of occupational deferments for men between the ages of 18 and 26.

"The result of these interpretations of the President's pronouncement is the immediate loss to industry of many chemists and chemical engineers essential to the Production Army.

"There has never been a surplus of chemists and chemical engineers in the United States; the need for such technically trained men has always been greater than the supply; the unprecedented demand for industrial chemicals, synthetic rubber, aviation gasoline, foods and drugs, including penicillin, blood plasma, antimalarials, and the sulfanilamides, has thrust upon the chemical and allied industries a responsibility which can be met only if trained personnel is available to direct research and manufacturing operations.

"If scientifically trained men are drafted in large numbers, production will suffer because the efforts of thousands of workers in war plants will deteriorate owing to the lack of proper supervision.

"All available older chemists and chemical engineers have long since been absorbed in vital war work and therefore cannot be assigned to new scientific developments and expansion of production facilities in new fields and established industries.

"Replacements are unavailable and there is no prospect of relief because the number of students in our scientific schools has been drastically curtailed by the recent action of the War Manpower Commission and most young graduates who will become available will be drafted into the Combat Army if age alone is the governing factor. It requires years to train a chemist or chemical engineer before he can begin to practice his profession.

"This is not only a war of arms; it is also a war calling for tremendous production and skillful use of technological brain power and it is universally recognized that one important new scientific development could possibly mean the equivalent of the efforts and lives of thousands in the Combat Army.

"Our military leadership has repeatedly reported that the successful prosecution of the war with a minimum loss of lives can be achieved not only by maintaining needed production but even by increasing it.

"We hold it our solemn obligation to issue a warning that the indiscriminate drafting of younger chemists and chemical engineers, constituting approximately one-fourth of the total, will immediately result in a disastrous decline in production of products vital to the victorious conclusion of the war. Lack of these materials will result also in unnecessary loss of lives of men in our Armed Forces.

"The chemical industry does not suggest a blanket deferment of chemists and chemical engineers but it does oppose drafting en masse chemists and chemical engineers on the basis of age or of marital status."

The President was urged to clarify his pronouncement for the guidance of the State Directors, Appeal Boards, and others charged with the responsibility of carrying out the intent of the Selective Service Act "so that recognition may be given to the fact that the responsibilities of the Production Army are quite as great as those of the Combat Army. To ignore this fundamental fact, is to court disaster."

The Chairman of the committee which prepared the statement, approved by the representatives of the 82 companies participating in the conference, was L. B. Morris, Director of Personnel Contact Relations, Radio Corporation of America, Victor Division. Other members were: E. T. Ashplundh, Vice-President, Columbia Chemicals Division, Pittsburgh Plate Glass Co.; M. T. Carpenter, Associate Director of Research, Standard Oil Company of Indiana; J. N. Forker, Vice-President, Koppers Co.; E. P. Wechesser, administrator of Selective Service, B. F. Goodrich Company.

Soviet Official Quits Washington Post Because Of Russia's Foreign Policy

Victor A. Kravchenko, an official of the Soviet Purchasing Commission in Washington, announced on April 3, his resignation and placed himself "under the protection of American public opinion," because, said the New York "Times," he accused the Soviet Government of a "double-faced" foreign policy with respect to its professed desire for collaboration with the United States and Great Britain and denouncing the Stalin regime for failure to grant political and civil liberties to the Russian people.

In indicating this in its issue of April 3, the "Times" further reported:

"Mr. Kravchenko, whose passport bears the title 'Representative of the Soviet Government,' was in charge of the metals section of the Commission. He is a captain in the Red Army, and before coming to the United States last August he was a director of a group of large industrial plants in Moscow. Prior to that he served as chief of the munitions section attached to the Soviet of People's Commissars of the Russian Socialist Federated Soviet Republic, the largest of the affiliated Soviet republics. He has been a member of the Russian Communist party since 1929 and has held many important economic posts under the Soviet regime.

"Mr. Kravchenko declined for patriotic reasons to discuss matters bearing upon the military conduct of the war by Soviet Russia or to reveal any details bearing upon economic questions, particularly as they affect the functioning of lend-lease as handled by the Soviet Purchasing Commission and in Russia. His formal statement follows:

"I hereby announce my resignation from my post with the Soviet Government after 22 years of active service in various responsible positions in the Government.

"In explanation of my action I append the following statement:

"I have taken this action only after considerable thought and hesitation, having in mind, first and foremost, the interests of the war effort of my people, of the United Nations, and the larger war aims of the peoples arrayed against the Axis powers.

"For many years I have worked loyally for the people of my country in the service of the Soviet Government and have followed closely the development of Soviet policy in its various stages. For the sake of the Soviet Union's interests and her people I tried hard to overlook many aspects of the situation which were repugnant and alarming. But I cannot keep silent any longer. The interests of the war effort and of my suffering, tortured people compel me to keep silent on many things, but they demand that I speak out on fundamentals of the policy pursued today by the Soviet Government and its leaders affecting the war and the hopes of all peoples for a new international order of peace and reconstruction.

"I can no longer support the double-faced political maneuvers directed at one and the same time toward collaboration with the United States and Britain while pursuing aims incompatible with such collaboration. Collaboration with the democratic countries cannot be pursued while the Soviet Government and its leaders are in reality following a concealed policy of their own designed to accomplish purposes at variance with their public professions.

"The Soviet Government has dissolved the Communist International, but only in form; in reality Moscow has continued to support its Communist party affiliates in many countries. The new democratic terminology being utilized by Moscow is only a maneuver. Intelligent and informed people in Russia and abroad are not deceived by the new Soviet terminology of nationalism, the object of which is to conceal the substance and purposes of real Soviet policy. These purposes have guided also the formation of the All-Slav Committee in Moscow and of the so-called Union of Polish Patriots, with their alleged national programs.

"The latest maneuvers directed toward the formation of a Polish Government that would be obedient to the Soviet Government have provoked consternation and protests, which I fully share. The Soviet Government rightly objects to the interference of outsiders in the internal affairs of Russia. Why, then, do the Soviet rulers consider it proper to force their brand of "democracy" upon Poland?

"The Soviet policy in the Balkans and Czechoslovakia is pictured to the world as a guarantee of the future welfare and cooperation of the peoples of Europe—in reality it has quite different practical ends.

"Officially the Soviet Government has proclaimed its desire to support establishment of democratic regimes in Italy, Austria and other countries. In reality this is but another attempt to adapt its own aims to the purposes of the Allies and to promote the inclusion of Communists, obedient to the Kremlin, in the future governments of these countries. The real plans and aims of the Soviet Government, as distinct from its public professions, are in contradiction with the interests and needs of the Russian people and of the cause for which the peoples of the United Nations are fighting. While professing to seek the establishment of democracy in countries liberated from fascism, the Soviet Government at home has failed to take a single serious step toward granting elementary liberties to the Russian people.

"The Russian people are subjected, as before, to unspeakable oppression and cruelties, while the NKVD (Soviet secret police), acting through its thousands of spies, continues to wield its unbridled domination over the peoples of Russia. In the territories cleared of the Nazi invaders, the Soviet Government is re-establishing its political regime of lawlessness and violence, while prisons and concentration camps continue to function, as before.

"The hopes of political and social reforms cherished by the Russian people at the beginning of the war have proved to be empty illusions.

"This war is not yet ended, but already the rulers in the Kremlin are preparing a new generation for the next war. An enduring and genuine peace after the conclusion of the present war and the interests of my people require a different policy than that now pursued by the Soviet Government.

"I maintain that more than any other people the Russian people require that they be granted elementary political liberties—genuine freedom of press and speech, freedom from want and freedom from fear. What the Russian people have had from their Government has been only lip service to these freedoms. For years they have lived in constant dread and want. The Russian people have earned a new deal by their immeasurable sacrifices, which have saved the country as well as the existing regime itself, and through which they have dealt such decisive blows to fascism and have determined the course of the war.

"Being aware of the methods of struggle employed by the Soviet rulers against political opponents I fully expect that they will now be used against me—the methods of slander, provocation and possibly worse.

"I declare that I have never committed any acts detrimental to my people, the ruling party and the Soviet Government, and have always tried to perform my duties to my country, my party and my people honestly and conscientiously.

"I hope to have the opportunity of continuing to devote my experience and energy to the war effort in this country.

"I, therefore, place myself now under the protection of American public opinion."

Asked how he came to take the decision to break with the Soviet regime, Mr. Kravchenko, who is 38 years old, said that his sojourn in the United States, which marked his first visit to a foreign country, "has served to crystallize in my mind views and sentiments I had long felt in Russia."

"I confirmed my long suspicion that capitalist democracy as presented in the propaganda and teaching of the Soviet Government at home has no relation to the reality I found in the United States," he said. "You Americans cannot understand what it meant to me never to have been asked for my passport by anyone in the entire seven months of my residence in this country."

Mr. Kravchenko said he was convinced that the sentiments and ideas expressed in his formal statement were shared by the great majority of the Russian people.

"The Russian people," he said, "were surprised by the perfunctory announcement last year of the abolition of the Comintern, but while approving the action they had little faith in the sincerity of the Soviet Government. I can no more imagine Churchill as a member of the Communist party than I can conceive of Stalin without the Comintern or its substance.

"The Comintern continues to function but by different methods and in other forms. Haven't you noticed that the new political clothes donned by Browder bear a striking resemblance to those adopted by Stalin? And haven't you observed also that while the Comintern, official organ of the Communist International, has ceased publication, that its place has been taken by War and the Working Class, which now sets the tone and line for the policies and utterances of the Communist parties abroad? The Daily Worker in this country reflected fully the statements appearing in War and the Working Class on the factual fight in the American Labor party in New York and reflects also the attitude taken by the new Moscow organ on matters concerning labor in the United States. I cite these as only some examples for the guidance of my American friends."

California Business Activity

Business activities in California during February were 256.7% of the 1935-39 average as compared with 256.9% in January and 243.3% in February, 1943, according to the monthly Business Outlook issued by the Wells Fargo Bank of San Francisco. The bank states:

"Dollar-volume of 2,280 independent California retail stores in February was up 11% from the corresponding month a year ago; bank-debits for 16 clearing house cities showed an increase of 34% in February over February, 1943, while building permits in 112 California cities were up 250%, the gain being chiefly in the Los Angeles and San Francisco areas.

"The one important component in the State's economy to record a decline was newspaper advertising linage in four major cities. This factor shows a recession of 4.2% for February and 1.6% for the first two months of 1944 as compared with linage for the corresponding two months a year ago."

Democrat Wins Congressional Test In Oklahoma Senator O'Daniel Urged Anti-New Deal Candidate

Senator O'Daniel, Democrat, of Texas, on March 24, at Muskogee, Okla., urged voters of Oklahoma's Second District to elect a new Congressman, who has "not even a speaking aquaintance with the New Deal gang." Despite Senator O'Daniel's appeal, W. G. Stigler, Democrat, was the successful candidate, having defeated E. O. Clark, Republican. As to the view points of the results, Associated Press advices from Washington March 30 said:

"Democrats took their turn Wednesday at interpreting the returns from a special Congressional election as a victory on nation-wide issues while Republicans countered with a cry of national and State machine pressure and said the results would be different in November.

"These were the meanings party leaders in Washington read into the election of W. G. Stigler, in the Second Oklahoma District, which held the Republican net gain at two seats in 12 such House contests since the 1942 elections. With only one of 330 precincts unreported, the count was 22,017 for Stigler and 18,440 for his Republican opponent, E. O. Clark."

Senator O'Daniel's remarks quoted above were contained in an Associated Press account from Muskogeee, Okla., on March 24, which, as given in the New York "Sun," added:

"The Texan, an outspoken critic of the Roosevelt Administration, spoke at a rally in behalf of E. O. Clark, opposing W. G. Stigler, Democrat.

"While Senator O'Daniel said that he was speaking not necessarily for Mr. Clark, but for a Congress of men 'who believe in the Constitution of the United States,' Republican leaders were elated when he declared: 'I know of no better reason why any candidate should be defeated than the fact that he may carry with him the blessing of the ruling dynasty in Washington.'

"Mr. Stigler has the backing of Oklahoma's New Deal Governor, Robert S. Kerr, and Senator Moore (R.-Okla.) charged that he would be a New Deal 'rubber stamp.'

"Republican leaders were counting on Senator O'Daniel's speech to offset the appearance of Senator Alben W. Barkley of Kentucky, who will speak in Mr. Stigler's behalf Monday in Muskogee and Okmulgee.

"Senator O'Daniel told his audience in a speech attacking all New Dealers from the President down, that the taxpayers were being smothered under a public debt that would reach $10,000 a family before the war ends.

"He attributed this to mismanagement of domestic and foreign affairs by 'the dynasty in Washington' and appealed for a return to 'sane constitutional government through election of men of ability, not political parasites.'

"Describing the Roosevelt Administration as a well organized gang of professional politicians, Senator O'Daniel added:

" 'I am not seriously concerned whether or not the next President of the United States is a Democrat or a Republican. I am not seriously concerned whether the Republicans or Democrats control the next House of Representatives or the Senate. But I am vitally concerned as to whether or not the next President and members of the next Congress will be men who believe in the Constitution.' "

President Roosevelt Signs Legislation Authorizing $1,350,000,000 Fund For UNRRA

With the approval by both the Senate and the House of the conference report, authorizing the United States to provide $1,350,000,000 of an international pool for the United Nations Relief and Rehabilitation Administration the legislation, in the form of a resolution, was sent to the White House on March 22, and on March 28 the President signed the joint resolution enabling the United States to participate in the UNRRA organization. An appropriation bill will have to be passed before UNRRA can use anv of the money.

The compromise legislation pledging participation by the United States in the UNRRA was passed by the Senate on March 21 by a roll-call vote of 47 to 9, following the rejection, by a vote of 36 to 22, of a motion to recommit the proposal to Senate and House conferees.

The House adopted the Conference report on March 22 by a vote of 285 to 58.

Reporting the action of the Senate on March 21, Associated Press advices from Washington stated:

"Sen. Raymond E. Willis of Indiana sought recommital because of the refusal of House conferees to accept his amendment stipulating that none of the $1,350,000,000 participation authorized by the bill be spent on any religious, educational or political programs in countries where relief is given.

"Sen. Arthur H. Vandenberg of Michigan opposed Mr. Willis' motion, although he had voted for the amendment previously. He told the Senate that emphasis on the proposal at this time might raise belief that there was 'some shadow' of authority for participation in religious, political or educational programs when there was 'no such power whatever' in the relief agreement."

Incident to the House approval of the report, Associated Press accounts March 22 had the following to say:

"Rep. Calvin Johnson, Republican, of Illinois, declared that UNRRA proposed to allocate thousands of pieces of farm machinery in foreign countries and he protested that it was needed more here. Rep. Daniel A. Reed of New York made the same argument and asked whether UNRRA was to have any connection with religion, education and political thinking abroad."

The resolution had passed the House on Jan. 25 by a vote of 338 to 54, while the Senate passed it on Feb. 17 by a vote of 47 to 14.

The House and Senate conferees, reaching agreement on the legislation on March 14, rejected a Senate amendment preventing use of any UNRRA funds to promote educational, religious or political programs in liberated territories. This amendment, sponsored by Sen. R. E. Willis, was the only Senate amendment the conferees eliminated after they studied the bill, it was stated in Washington advices (March 14) to New York "Herald Tribune," which also said:

"The conference retained five other Senate amendments which have little effect on the actual operation of UNRRA. These amendments include the requirement of joint approval of Congress for any new UNRRA obligations for the United States, and the statement that Congress is the appropriate Constitutional body to determine the amount, character and time of United States contributions.

"The conferees also left undisturbed the Senate amendment that the Congressional authorization for United States participation in UNRRA shall expire June 30, 1946."

Congressmen Discuss Internat'l Monetary Stabilization Plans

(Continued from First Page)

By Hon. WRIGHT PATMAN

Representative in Congress from Texas

ernment looks good or bad at this highly premature point.

The issue is whether or not the Government of this country should attempt to be forehanded about problems which are certain to arise in the future; whether or not Government departments should make preliminary investigations and studies with the full knowledge and consent of Congress, leading to possible solutions for unavoidable difficulties which lie ahead. I think they should, and I believe that we in Congress should cooperate, not carp.

The alternative, of course, is to have the Government operate as it did in late Republican years, and spend its time running around locking barn doors after horses are stolen. My Republican colleague from Ohio may prefer this.

Now, before we go any farther, let us set the record straight on some of the more obvious accusations:

The gentleman from Ohio says that the monetary proposal, drafted by American technicians, is nothing but a rewording of the text of the British proposal. Nothing could be further from the truth. In the first place, the proposal of the American technicians was drawn up in the Winter of 1941, fully 15 months before the British plan, and was presented in principle to the Rio Conference of foreign ministers in January, 1942. Anyone with the slightest understanding of international exchange and monetary questions would say that the plans have only one thing in common and that is they both attempt to deal with the international monetary problems. The two proposals are completely different in their approach and suggested solution.

The gentleman from Ohio says that the draft proposal seeks to replace gold with a fictitious standard. The fact is that the proposal of the American technicians provides for defining the currencies of all member countries in terms of gold and tieing their currencies to gold. Instead of weakening the possibility of a return to the gold standard, it would do the very opposite. It attempts to strengthen the ties between all currencies and gold. To say that the plan aims to destroy the supremacy which the dollar holds in international trade and finance is an obvious falsehood.

The gentleman from Ohio says that the scheme would involve the assumption by the United States of $5,000,000,000 or more of British debts. This is complete nonsense. An early draft of the fund proposal provided for the purchase by the fund of very limited amounts of blocked balances on those occasions on which the fund finds it desirable to do so, and only under terms and conditions which make it actually impossible for the fund to incur a loss. This provision, I believe, has already been dropped. Strangely enough, in view of my colleague's inferences, I understand it was dropped because of the opposition of the British experts.

The gentleman from Ohio says that the control of our money would be given over to an international money authority. Again I wonder whether he has read the proposal. There is nothing in it which reduces the authority of the United States over its monetary system or over the dollar. The fund can make no change in the value of the dollar and the proposal specifically reserves to each country the complete control of its money policies.

My esteemed colleague has placed before you a chart which purports to show you the figures on the gold holdings and gold contributions of some of the United Nations. The figures shown are completely erroneous. They are based largely upon data published years ago, some going back as far as 1935, and I am surprised that anyone should assume that data of this character can at all represent the actual situation. I am told, incidentally, that this table overlooks half the gold holdings of the other United Nations. The true information, I might point out, is secret and cannot be given out by any country. The publication of a completely unfounded table by the gentleman from Ohio serves no purpose other than to confuse and mislead the interested public.

I do not know what the gentleman from Ohio means when he says that the Keynes-Morgenthau scheme—and by the way, there is no such thing; the British, French, Canadians, and Americans all had preliminary drafts, all published, all different—he says the scheme could involve the United States to the extent of upward of $15,000,000,000. The tentative proposal by the American technicians specifically states that our participation shall be limited in the neighborhood of $2,000,000,000. This is a small error of 700 percent on the part of the gentleman and involves some $13,000,000,000.

Finally the gentleman from Ohio seems to be disturbed by the fact that the Interstate Commerce Commission was different in 1887 from what it is now. This perhaps is the key to the understanding of his entire speech. This Republican gentleman is complaining because we cannot meet the complex problems of the 1940's with the facilities of the years when as a free- sun-kissed barefoot boy he first graced Shanesville, Ohio, in the 1880's. He was born there, I understand in 1884, and like the Interstate Commerce Commission, has altered his earlier limits and become increasingly complex in the intervening years.

By Hon. FREDERICK C. SMITH

Representative in Congress from Ohio

world"; that "without it, other more desirable developments will find themselves impeded and unsupported"; that "with it, they will fall into their place as parts of an ordered scheme"; that it "might set up a clearing account in favor of international bodies charged with postwar relief, rehabilitation, and reconstruction" which segment of his scheme is already in operation in the form of the United Nations Relief and Rehabilitation Administration. Further, that his stabilization scheme "might set up an account in favor of any supernational policing body which may be charged with the duty of preserving the peace and maintaining international order"; that "this would provide an excellent machinery for enforcing a financial blockade"; that it "might set up an account in favor of international bodies charged with the management of a commodity control, and might finance stocks of commodities held by such bodies, allowing them overdraft facilities on their accounts up to an agreed maximum."

Also that it "might be linked up with a board for international investment," that "there are various methods by which the clearing union could use its influence and its powers to maintain stability of prices and to control the trade cycle," that "if an international economic board is established this board and the clearing union might be expected to work in close collaboration to their mutual advantage," that "if an international investment or development corporation is also set up, together with a scheme of commodity controls for the control of stocks of the staple primary products, we might come to possess in these three institutions a powerful means of combating the evils of the trade cycle, by exercising contractionist or expanionist influence on the system as a whole or on particular sections," and, finally, "the facility of applying the clearing-union plan"—that is, the Keynes-Morgenthau scheme which we are here considering—"to these several purposes arises out of a fundamental characteristic which is worth pointing out, since it distinguishes the plan from those proposals which try to develop the same basic principle along bilateral lines and is one of the grounds on which the plan can claim superior merit," which he clinches with this sophistry: "This might be described as its 'anonymous' or 'impersonal' quality."

What else could it possibly be that is envisioned here but a supernational brain trust with authority, as Benjamin M. Anderson has designated it?

As just mentioned, one of the parts of this all-embracing scheme has already been perfected, namely, the United Nations Relief and Rehabilitation Administration, which, according to resolutions adopted at the Atlantic City conference, is to undertake everything, from the furnishing of soup kitchens to the construction of railroads in all the war-stricken areas of the world; further, still another part of this global program, an "international bank for reconstruction and development" with an initial capitalization of $10,000,000,000, is now in the process of concoction by the Administration.

Then there is a vast assemblage of related forces and conditions which are giving impetus or allowing freedom to this movement, though perhaps not so directly or manifestly connected with it, such as the totalitarian planning cult which in conjunction with the Federal bureaucracy all but completely dominates our economy and government, the disordered and corrupt currency and the long way our Nation has already gone in substituting a society of status for that of contract.

There is one more point which is of great importance to the consideration of the Keynes-Morgenthau scheme and which is very pertinent to this study. Seldom if ever are the expectations or promises of legislators in setting up political agencies fulfilled. It is an almost unbroken law that such bodies are, when once established and put in operation, never limited to their original size and functions, but tend always to enlarge and expand the scope of their activities.

This is so universally true and so self-evident that it should require no substantiating proof, though a thousand illustrations are ready at hand to support this contention, if that should be deemed necessary. But look at the growth of bureaucracy that has taken place in the Federal Government in recent years.

Who in 1887 would have thought that the Interstate Commerce Commission, which was created at that time, would develop to its present size, complexity, and power, and that the interstate commerce clause of the Constitution would be construed by the Supreme Court so as to make the growing of wheat interstate commerce and empower a Federal bureau to dictate to the farmer how much wheat he can grow?

The Congress devotes nine-tenths of its time trying to restrain the political machinery which it has created and to confine its functions within the bounds of the laws it has itself written. Now especially, it scolds the O. P. A., C. C. C., A. A. A., and the other political alphabetical agencies for using their powers to change the economy, for taking on functions that were not intended and for disobeying the laws which brought them into existence.

The Keynes-Morgenthau scheme would be no exception to the law of endogenous growth of political machinery. That it would go the way of all bureaucracy, take on new functions and expand in directions not now thought of or intended, most likely even by Lord Keynes and some of his co-workers, should be a foregone conclusion. Indeed, the nature of this scheme is such as to make it particularly liable to anarchic growth.

It is plainly seen that the meat of the Keynes-Morgenthau scheme, stripped of its pretense and window dressing, is, perhaps along with other highly important objectives, an attempt to inveigle the United States into handing over to Great Britain the control and use of the United States stock pile of gold; to finance $5,000,000,000 or more of debts Britain owes to a large number of countries; to restore London as the world's banker and financial center; to finance her world trade and pay for her Beveridge plan.

The scheme seeks to accomplish these objectives by destroying the dollar as the leading international standard unit of value and settler of accounts and what is left of the orthodox international gold standard by substituting therefor a fictitious and political paper unit of account called unitas, in terms of which international pecuniary contracts would have to be made. It is sheer nonsense for Lord Keynes to say:

"The existence of the clearing union does not deprive a member state of any of the facilities which it now possesses for receiving payment for its exports. In the absence of the clearing union, a creditor country can employ the proceeds of its exports to buy goods or to buy investments, or to make temporary advances and to hold temporary overseas balances, or to buy gold in the market. All these facilities will remain at its disposal." (Proposals for an international clearing union, British Information Services, April 8, 1943, p. 11.)

And for the Secretary of the Treasury, Mr. Morgenthau, to chime in with Lord Keynes by saying:

"The fund would deal only with treasuries and central banks. It would not compete with private banks or existing agencies. Its operations would be maintained only to supplement the efforts made by each member government to maintain monetary stability. The established channels of international trade and international banking would be retained in full for all international transactions." (Statement of Secretary Morgenthau before the Senate Committees on Foreign Relations and Banking and Currency and the Special Committee on Post-War Economic Policy and Planning, April 5, 1943, p. 3.)

If these gentlemen mean that gold could still be used in the settlement of international trade balances in the orthodox way. That view postulates the impossible, namely, the existence simultaneously of two kinds of international units of value and media for settling trade balances, a definable weight of gold on the one hand and an indefinable paper "unitas" of account on the other. Would not Gresham's law operate the same in the international field as it always has in domestic economies? Would not the bad unitas money drive out the good gold money? What earthly chance would gold have to remain in circulation internationally and compete with the cheap money, the politically manipulable paper unitas? None, of course.

It is of the utmost importance to a full comprehension of the Keynes-Morgenthau scheme to grasp the fact that it would involve not merely the amount of gold the United States would contribute to it but our entire stock pile of gold. It envisions the complete demonetization of our total gold reserves for international use just as they have been demonetized for domestic use within our own economy and the economies of other countries. It would do exactly what Lord Keynes formally denies it would do when he says:

"Nor is it reasonable to ask the United States to demonetize the stock of gold which is the basis of its impregnable liquidity."

This would in one single stroke destroy in large measure if not entirely the superb international gold position the United States now holds, in international trade and commerce. It would at the same time yield to the debtor countries and, of course, to Great Britain in particular, an unearned, precious, and vital national resource.

The alleged capital formation of the Keynes-Morgenthau scheme is a fraud. The dishonesty and deception which underlie it condemn it utterly. This is not a proposal for international cooperation if the word "cooperation" still means what the dictionary up to now has always said it meant—"collective action in the pursuit of common well-being." On the contrary, this is a proposal by Great Britain, supported by other countries and aided by our present administration, not only to bleed the United States white but to destroy her very blood-making organs.

President Proclaims April 6 As Army Day

In designating April 6 as Army Day, President Roosevelt called upon the civilians of the nation "to reconsecrate themselves on that day to the task of producing in fullest measure . . . the weapons and ammunition . . . required to equip our Army and sustain it until final victory." The President's proclamation, issued on March 23, follows:

"Whereas America's valiant soldiers have been welded by the fire of battle into a mighty army of liberation; and

"Whereas the men and women of the American Army, of different races and creeds but one in their love of freedom and their devotion to the goals for which the United Nations are striving, must face during the coming year a burning test of their courage, their resourcefulness and their physical prowess; and

"Whereas the Congress, by Senate concurrent resolution 5, Seventy-fifth Congress, agreed to by the House of Representatives, March 16, 1937, has recognized April 6 of each year as Army Day and has requested that the President issue a proclamation annually with respect to that day:

"Now, therefore, I, Franklin D. Roosevelt, President of the United States of America, do hereby proclaim Thursday, April 6, 1944, as Army Day, and do invite the Governors of the various States to issue proclamations calling for the appropriate observance of that day.

"And I urge the civilians of the nation to reconsecrate themselves on that day to the task of producing in fullest measure and with the greatest possible speed the weapons and ammunition and the materials and supplies required to equip our Army and to sustain it until final victory.

"In witness whereof, I have hereunto set my hand and caused the Seal of the United States of America to be affixed.

"FRANKLIN D. ROOSEVELT."

Some Aspects Of The Nation's Post-War Problems

(Continued from First Page)

more; and the large corporations, whose workers may number hundreds or thousands. Industry is a collective term for the hundreds of thousands of business enterprises of one kind or another, large and small, located throughout the United States. Industry in this broad aspect has no central organization—it has no common spokesman—it has no machinery for acting as a single unit—accordingly it cannot formulate or put into effect an overall post-war plan. Despite such lack of unity and organization, the component parts of this intangible country-wide aggregation of instruments of production, which is often called "industry," have each a responsibility to do everything within their individual power to attain the desirable goal of maximum gainful employment.

It is not accurate to contend that the establishment of "full employment" is the responsibility of industry alone. It is equally the responsibility of every other group in this country—and in that classification I include the representatives of both Government and labor. Unemployment after the war cannot be reduced to the minimum without cooperative and well-designed and friendly effort on the part of all segments of our political and economic order. The productive force termed "industry" cannot be expected to function satisfactorily in the public interest, if its vital part in our economy is not recognized, supported and encouraged by both our people and our Government.

I firmly believe in the American system of private competitive enterprise. After a dispassionate review of its past accomplishments, how can anyone rightly have serious doubt about the desirability of a continuance of such a system? Under its beneficent guidance, the United States has grown and developed so as to become the greatest industrial nation of the world. The standard of living of our people has advanced to a level not yet reached in any other country. For me, the most convincing proof of the soundness of our economic order is supplied by the magnificent production record of American business, both management and workers, during the last three years. This has been a truly remarkable performance, in which every American should take pride. There can be nothing fundamentally wrong with an economy which accomplishes such a conclusive result in time of war. What we have done since 1940 in contributing so mightily to the offensive strength of the United States and the other Allied Nations should give us confidence in the ability of private enterprise to withstand the strains and difficulties of the days to come, if given a reasonable opportunity to perform.

Jobs originate with production—with the setting up of new industries—with the free play of economic laws—with the full opportunity for technological development. The primary effort in the post-war period of all elements in our society must be to encourage such production. That cannot be accomplished by hostility to, or disbelief in, our long-established and thoroughly tried out economic system of free enterprise. Private industry cannot flourish and provide jobs for the many in the face of undue restrictive hampering of its activities at the hands of inexperienced theorists, or by those who may wish to establish a socialistic state in this land of democracy. Our tax laws should be so framed as to permit the ready employment of risk capital in new enterprises, and thus allow increased employment through the creation of new or improved articles of commerce. The charge has been made that the patent laws of the country have become out of date. Whatever truth there may be in that accusation, the original principle of allowing an inventor to be amply rewarded for his inventive genius has more than proven its value over a long period of years. Such a policy should be continued in the public interest, if we desire to obtain the utmost in the future from technological advancement.

Labor must recognize that an industrial concern can pay wages only to the extent that the income from its business will permit. In the Annual Report of the United States Steel Corporation for the year 1943, issued a few days ago, this fundamental fact was stated as follows: "U. S. Steel has no paying power beyond the dollars received from customers. It has no power to operate its facilities or to hire men and women if it has no customers for its goods and services; nor does it have the power to turn out first-class, well-priced goods with worn out tools or against uncontrollable costs. It is apparent that rising labor costs pushing against price ceilings are absorbing the payments of both Government and owners. Substantial increases in wages could reduce them to nothing."

Recently I heard a talk at a forum by a business man, who presumably had been chosen to speak in support of maintaining the economic system which existed prior to the war. His cure for post-war unemployment, as I understood it, was brief — merely to continue production at a rate approaching the present high levels. As I listened to what was undoubtedly a sincere exposition on his part, I wondered how this speaker would apply such a simple theory to the steel business, were the conduct of such an enterprise to become his responsibility. Apparently the experience of this particular man had been confined to selling and distribution as a middleman—he may not have given thought to the problems of production on a large scale.

On this point, I should like to elaborate a bit and discuss why the steel industry has sometimes been referred to in the past as "a prince or pauper" activity. In passing I might add that some of us who have seen more of the pauper days look forward with hope to a time when we may be permitted to enjoy the prerogatives of a prince. If the truth must be known, the steel industry has little effective control over the demand for its products. That is true because steel is essentially a raw material. Steel is largely purchased for fabrication or conversion by others into durable producers' and consumers' goods of an infinite variety. Usually the cost of the steel constitutes a small part of the cost of the finished product. So price is not a major factor in the ability of the steel industry to increase the volume of sales of its products. As the economists would express it, "the demand for steel is inelastic." Our customers are in the market for steel only when they can put their steel purchases to a profitable use. This means that the steel business is up or down depending upon general business conditions. And there is not too much the management of the steel industry can do about it, except to develop through technology and otherwise new uses for steel. We also can direct our energies and influence toward restoring business confidence to the end of bringing back into operation the normal productive machinery of the country. In these ways we may be successful in creating an increased demand for steel.

We don't close down a steel mill, or reduce its operations to 25% or 50% of capacity because of a desire to bring about a scarcity in production. That silly accusation has been made by a few critics, who seem too ready to attribute a sinister motive to any action which they do not understand. Our investment in plants is far too great for us to allow any one of them to stand idle, or partially so, if this can possibly be avoided. When the operations of a steel mill are curtailed, or the plant is closed, it is simply because we have not sufficient orders to keep the mill in operation at a higher rate. We are forced reluctantly to take that action by reason of matters outside of our control.

I gathered that the speaker of the other evening to whom I have referred, would continue production under these circumstances and thus avoid the laying off of any employees. But I should like to inquire what would he produce in the absence of customers' orders justifying such a continuance of operations? Would it be rails, plates, sheets, shapes, bars, or other steel products? Probably he is not aware that many of these articles are ordinarily made to the specifications of the particular customer and, accordingly, are not fully interchangeable among customers. Furthermore, how would this continued production be financed when there are no orders for an equivalent amount of rolled and finished steel? And where would the steel so produced be stored?

Let me illustrate by using some figures from the records of United States Steel Corporation. In 1943, the Steel Corporation produced more than 30,500,000 tons of steel ingots. Its shipments of finished steel during the year were in excess of 20,000,000 tons. Assuming 365 days of operations last year, this production is equivalent to 83,500 tons of steel ingots each and every day during the year. That is a lot of steel per day. The financial resources of the Steel Corporation are not adequate long to continue operations at a cost of around $5,000,000 a day, or even a small fraction of that figure, in order to pile up steel inventories awaiting a future time when there may be orders for the material so produced. One has to be realistic about the facts of the steel business if the rocks of bankruptcy are to be avoided.

It is not my purpose to sketch too black an outlook for the post-war days. In fact, I am not unduly pessimistic about that period because I have supreme faith in the ability of the American people to solve satisfactorily any problem which vitally concerns the future well-being of our country. Statesmanship of a broad and unselfish character, however, is essential in arriving at such a solution. There must be a closer relationship and a better and more cordial understanding between Government, industry and labor than has been true in the past. All of these groups have an equal stake in the future prosperity and good health of the United States. There must be a way in which all elements in our society can pull together in a spirit of good will and with mutual confidence and respect. All present here this afternoon can help to bring that about.

In closing, I should like to remind you that our topic today is still academic. Our immediate task is the winning of the war, to which all of our energies must be devoted and backed up by everything we possess.

Items About Banks, Trust Companies

J. P. Morgan & Co., Inc., New York City, reported as of Mar. 31, 1944, total deposits of $760,665,053 and total assets of $809,151,231, compared, respectively, with $709,010,239 and $758,056,415 on Dec. 31, 1943. Cash on hand and due from banks amounted to $148,129,047, against $131,528,532; holdings of United States Government securities to $524,831,104, against $487,615,089, and loans and bills purchased to $94,937,809, against $100,955,228. Capital and surplus were unchanged at $20,000,000 each, and undivided profits March 31 were $3,101,624 — unchanged from the Dec. 31 figure.

The Bankers Trust Co., New York, reported as of Mar. 31, 1944, total deposits of $1,649,765,468 and total assets of $1,792,379,516, compared, respectively, with $1,594,694,072 and $1,728,824,976 Dec. 31. Cash on hand and due from banks amounted on Mar. 31 to $306,207,797, against $331,870,816; holdings of United States Government securities to $1,005,503,129 against $950,441,228, and loans and bills discounted to $384,159,407 against $362,407,442. Capital and surplus were unchanged at $25,000,000 and $75,000,000, respectively, and undivided profits were $26,676,054 against $25,366,707 at the end of December.

The New York Trust Co. reported as of Mar. 31, 1944, total deposits, including outstanding certified checks of $694,918,435 and total assets of $750,817,589, compared, respectively, with $689,208,447 and $743,939,271 on Dec. 31. Cash on hand and due from banks, including exchanges, amounted to $148,148,654, against $175,621,887 holdings of United States Government securities are now $407,303,560, against $381,441,910, and loans and discounts are shown as $165,404,308, against $158,771,343. Capital and surplus were unchanged at $15,000,000 and $30,000,000, respectively, and undivided profits are now $6,635,497, against $6,203,260 at the end of December.

The statement of condition of the Guaranty Trust Co. of New York as of March 31, 1944, issued April 4, shows total resources of $3,275,179,670, as compared with $3,243,371,512 at the time of the last published statement, Dec. 31, 1943, and with $3,015,473,615 on March 31, 1943. Deposits of $2,940,179,326 compare with $2,903,794,036 on Dec. 31, 1943, and with $2,666,261,390 a year ago. Holdings of U. S. Government obligations total $1,965,799,932, against $1,959,786,746 on Dec. 31, 1943, and $1,827,681,573 a year ago, and loans and bills purchased total $675,241,256, as compared with $610,781,083 and $499,761,701. The company's undivided profits are $34,264,977, compared with $31,391,854 on Dec. 31, 1943, and with $23,445,680 on March 31, 1943. Capital and surplus remain unchanged at $90,000,000 and $170,000,000, respectively.

The Fulton Trust Co. of New York reports total deposits of $31,380,714 and total assets of $36,696,384 in its statement of March 31, 1944, as compared with deposits of $31,789,394 and assets of $37,069,631 on Dec. 31, 1943. Capital and surplus showed no change in total at $4,000,000, but undivided profits increased to $1,061,578, after dividend payable April 1, 1944, as compared with $1,033,680 shown on Dec. 31, 1943. Cash U. S. Government securities and demand loans secured by collateral amount to $32,604,634, as against $33,120,642 on Dec. 31, 1943.

Colonial Trust Co. of New York reported, as of March 31, total deposits of $32,534,669 and total assets of $34,207,019, compared respectively with $31,890,752 and $33,553,630 on Dec. 31, 1943. Cash on hand and due from banks amounted to $8,095,055 against $9,031,828; holdings of U. S. Government securities to $16,434,359 against $14,655,000, and loans and bills purchased to $9,096,625 against $9,191,056. Capital was unchanged at $1,000,000 and surplus and undivided profits were $529,364 against $508,602 at the end of December.

Total assets of Clinton Trust Co. of New York as of March 31, 1944, increased to $18,161,884 from $18,112,961 on Dec. 31, 1943, and $14,263,728 a year ago, according to the bank's statement of condition at the end of the first quarter of 1944. Deposits on March 31, 1944, amounted to $16,979,875 compared with deposits of $16,869,674 three months earlier and $13,077,208 a year ago. Surplus and undivided profits of the bank totaled $472,563 compared with $467,549 on Dec. 31, 1943, and $425,193 a year ago. Loans and discounts as of March 31, 1944, were $3,008,258 compared with $2,862,010 on Dec. 31, 1943, and $2,239,967 on March 31, 1943. Holdings of U. S. Government securities totaled $8,453,447 and municipal bonds $638,936 against combined holdings of U. S. Government and municipal bonds of $8,736,691 on Dec. 31, 1943. Cash on hand and due from banks on March 31, 1944, was $3,638,708 compared with $4,122,248 on Dec. 31, 1943, and $3,473,645 a year ago.

The National City Bank of New York reported, as of March 31, total resources of $4,168,876,487, as compared with $3,967,819,349 as of Dec. 31, 1943, and $3,568,434,805 as of March 31, 1943, and total deposits of $3,929,474,644 against $3,733,649,246 and $3,352,958,745. Holdings of United States Government obligations were $2,298,397,598, compared with $2,174,265,961 and $1,865,903,179 as of the same dates. Cash on hand and due from banks was $856,665,059 against $885,401,994 and $860,032,174. Loans and discounts were $712,556,275 against $633,123,637 and $532,584,826. Capital and surplus have remained unchanged since Dec. 31, 1943, at $77,500,000 and $110,000,000, respectively, in comparison with $77,500,000 each at March 31, 1943. Undivided profits were $25,567,151, compared with $24,053,596 and $25,110,800.

The following announcement was made regarding the earnings:

"Combined net current operating earnings of the National City Bank and of the City Bank Farmers Trust Co. for the first quarter of 1944, after provision for taxes and depreciation, were $3,438,297, compared with $3,121,725 for the same period in 1943. This represents 55 cents per share in the current quarter and 50 cents per share for the same period in 1943 on the 6,200,000 shares outstanding.

"Profits from sales of securities amounted to $1,889,814. If added to current earnings the total would amount to 86 cents per share for the current quarter as compared with 59 cents per share on the same basis for the first quarter of 1943. Security profits and recoveries of the bank and security profits, recoveries and operating earnings of the trust company were as usual transferred directly to reserves."

The City Bank Farmers Trust Co. reports total deposits as of March 31 of $145,079,443, against $99,762,502 on Dec. 31, 1943, and with $91,990,907 on March 31, 1943. Total resources were $173,286,700, compared with $127,582,970 and $119,091,854. Cash amounts to $52,751,055 against $16,954,870 and $28,985,612. Holdings of United States Government securities were $105,613,414

(Continued on page 1440)

President Calls Upon Free Peoples To Open Their Frontiers To Victims Of Oppression

Calling upon "the free peoples of Europe and Asia temporarily to open their frontiers to all victims of oppression," President Roosevelt, in a statement on March 24 declared "until the victory that is now assured is won, the United States will persevere in its efforts to rescue the victims of brutality of the Nazis and Japs." The President asserted that as a result of the events of the last few days, hundreds of thousands of Jews, who while living under persecution have at least found a haven from death in Hungary and the Balkans, are now threatened with annihilation as Hitler's forces descend more heavily upon these lands. Mr. Roosevelt asked "every German and every man everywhere under Nazi domination to show the world by his action that in his heart he does not share these insane criminal desires. Let him hide these pursued victims," said the President, "help them to get over their borders, and do what he can to save them from the Nazi hangman."

The President further said that "we shall find havens of refuge for them, the victims of oppression, and we shall find the means for their maintenance and support until the tyrant is driven from their homelands and they may return."

At his press conference on March 24 he announced the appointment of John W. Pehle as executive director of the War Refugee Board. Mr. Pehle had previously been acting director. The following is the President's statement of March 24 pledging his support to the victims of the Nazis and Japs:

"The United Nations are fighting to make a world in which tyranny and aggression cannot exist; a world based upon freedom, equality and justice; a world in which all persons regardless of race, color or creed may live in peace, honor and dignity.

"In the meantime, in most of Europe and in parts of Asia, the systematic torture and murder of civilians—men, women and children—by the Nazis and the Japanese continue unabated. In areas subjugated by the aggressors innocent Poles, Czechs, Norwegians, Dutch, Danes, French, Greeks, Russians, Chinese, Filipinos—and many others—are being starved or frozen to death or murdered in cold blood in a campaign of savagery.

"The slaughters of Warsaw, Lidice, Kharkov and Nanking—the brutal torture and murder by the Japanese, not only of civilians but of our own gallant American soldiers and fliers—these are startling examples of what goes on day by day, year in and year out, wherever the Nazis and Japs are in military control—free to follow their barbaric purpose.

"In one of the blackest crimes of all history—begun by the Nazis in the day of peace and multiplied by them a hundred times in time of war—the wholesale systematic murder of the Jews of Europe goes on unabated every hour. As a result of the events of the last few days hundreds of thousands of Jews who, while living under persecution, have at least found a haven from death in Hungary and the Balkans, are now threatened with annihilation as Hitler's forces descend more heavily upon these lands. That these innocent people, who have already survived a decade of Hitler's fury, should perish on the very eve of triumph over the barbarism which their persecution symbolizes, would be a major tragedy.

"It is therefore fitting that we should again proclaim our determination that none who participate in these acts of savagery shall go unpunished. The United Nations have made it clear that they will pursue the guilty and deliver them up in order that justice be done. That warning applies not only to the leaders but also to their functionaries and subordinates in Germany and in the satellite countries. All who knowingly take part in the deportation of Jews to their death in Poland or Norwegians and French to their death in Germany are equally guilty with the executioner. All who share the guilt shall share the punishment.

"Hitler is committing these crimes against humanity in the name of the German people. I ask every German and every man everywhere under Nazi domination to show the world by his action that in his heart he does not share these insane criminal desires. Let him hide these pursued victims, help them to get over their borders, and do what he can to save them from the Nazi hangman. I ask him also to keep watch, and to record the evidence that will one day be used to convict the guilty.

"In the meantime, and until the victory that is now assured is won, the United States will persevere in its efforts to rescue the victims of brutality of the Nazis and the Japs. In so far as the necessity of military operations permit this Government will use all means at its command to aid the escape of all intended victims of the Nazi and Jap executioner—regardless of race or religion or color. We call upon the free peoples of Europe and Asia temporarily to open their frontiers to all victims of oppression. We shall find havens of refugee for them, and we shall find the means for their maintenance and support until the tyrant is driven from their homelands and they may return.

"In the name of justice and humanity let all freedom loving people rally to this righteous undertaking."

SEC Extends Time To File Original Cost Reports

The Securities and Exchange Commission announced on Mar. 31 that it has extended until June 30, 1944, the date for completion and filing of the original cost studies required by Rule U-27 under the Public Utility Holding Company Act of 1935. That rule, the Commission points out, "prescribes uniform systems or classifications of accounts for utility companies which are not otherwise required under Federal or State law to conform to a classification of accounts." In the case of electric utilities, the SEC adds, "the system prescribed is that theretofore adopted by the Federal Power Commission, and in the case of gas utilities companies, that recommended by the National Association of Railroad and Utilities Commissioners."

Stating that the original deadline was Dec. 31, advices to the New York "Times" from Washington March 31 stated that the extension was in answer to numerous inquiries from companies which asked for it because of the shortage of manpower.

The Commission made known on March 31 that it had promulgated certain instructions under the rule designed to clarify the method of reporting such studies. These instructions are similar to instructions previously issued by the Federal Power Commission under date of May 11, 1937, for the purpose of its classification of accounts, but omits the requirements for certain statistical data called for by the Federal Power Commission instruction.

Profits And Operations Of Listed Corporations For 1936-1942 Surveyed By SEC

The Securities and Exchange Commission made public on March 26, Part III of its four-volume series of reports entitled, "Data on Profits and Operations—1936-1942," another in a series of statistical reports of the "Survey of American Listed Corporations." Part I was referred to in our March 9 issue, page 1024, while a reference to Part II appeared in these columns March 23, page 1236.

The current series of reports presents data on profits and operations for 1,106 companies and their consolidated subsidiaries, for the years 1936 through 1942. These companies are classified in 75 manufacturing groups; their total assets in 1942 exceeded $48,000,000,000. The data are taken from registration statements and annual reports filed by registrants under the Securities Exchange Act of 1934, and from annual reports filed by registrants under the Securities Act of 1933. The first volume, Part I, made public on Feb. 20, contained data on 261 companies in 24 industry groups; the second volume Part II, made public on March 8, contained data on 271 corporations in 15 industry groups.

Part III of the current series released on March 26 includes data on 289 companies in the following 17 industry groups, most of which are engaged in the production of war materials:

Automobile parts and accessories, automobiles, building equipment, building material other than clay products and cement, cement, clay products, commercial cars and trucks, iron and steel, iron and steel foundry products, miscellaneous iron and steel products, pig iron producers, rolling mills without steel making facilities, steel producers with blast furnace facilities, steel producers without blast furnace facilities, metal and glass containers, non-ferrous metals, including smelting and refining; non-ferrous metal products, producers and fabricators; shipbuilding.

The Commission repeats its announcement in the previous surveys to the effect that the survey reports data for each individual company and combined totals for each of the industry groups. For each year covered, data are reported showing net sales, operating profit, provision for war and related contingencies provided out of income, net profit before income taxes and net profit after income taxes. Operational expenses reported are selling, general and administrative expenses; maintenance and repairs; and depreciation, depletion, amortization, etc. Each of these items in every year covered is shown as a percentage of net sales. Also reported are net worth (beginning of period) and intangible assets (beginning of period) and the net profit before income taxes as a percent of net worth and the net profit after income taxes as a percent of net worth.

Copies of this report were not prepared for general distribution, but may be examined at the office of the Commission in Philadelphia or at any regional or branch office and at a number of selected depository libraries.

Patent Protection Called Vital To Post War Jobs And Small Business

Strong patent protection will be vital to postwar jobs and the creation of new small businesses, R. J. Dearborn, President of the Texaco Development Corp., said on March 27 upon accepting Chairmanship of the Committee on Patents of the National Association of Manufacturers. "If America is to have enough jobs after the war we must encourage invention in small business," declared Mr. Dearborn. "Invention and small business depend on patents. Mr. Dearborn added:

"Patents protect the little fellow from having his ideas pirated. They are the sling shots that make it possible for the little Davids to compete with big Goliaths. They give new businesses a chance to get started. This creates jobs and gives us the technical progress that leads to more goods at lower prices for more pepole."

Mr. Dearborn said that the NAM Patents Committee has two major purposes—to develop a better understanding of patents and inventions, and to improve the U. S. patent system. The committee is only one of several NAM groups studying war and postwar problems.

"Many Americans do not understand that patents stimulate competition," said Mr. Dearborn. "Every new idea disclosed in a patent adds to our fund of knowledge. Every invention spurs competitors to find a better one.

"About 85% of all patents are granted to independent inventors or are assigned to small manufacturers. Patent protection is important to large companies but it is vital to small ones." Mr. Dearborn said that patents give inventors property rights in inventions and that it is a mistake to associate this with oppressive monopolies. "Ownership of a patent is exactly the same as ownership of a house or automobile, except that the patent expires and becomes public property in 17 years."

The NAM committee on patents has developed a series of 11 recommendations for improvement in the U. S. patent system, according to Mr. Dearborn. Many of these recommendations pertain to simplification of procedure within the Patent Office to prevent unnecessary delay and expense, he said "in the interest of the little fellow who cannot afford expensive litigation." Mr. Dearborn further said:

"Unfortunately, many Americans have the idea that invention is a magic process of inspiration rather than a process of hard work and perspiration. The importance of patent protection as an incentive to make inventive ideas into something useful by more work and perspiration is not adequately appreciated. The 'share the invention' idea is as deadly to progress as the socialist philosophy of 'share the wealth.'"

The NAM Committee on Patents is composed of 48 industrialists and scientists in various parts of the country. Vice-chairman is Otto S. Schairer, Vice-President in charge of RCA Laboratories, Radio Corporation of America.

Mellett Resigns As Aide To President

Lowell Mellett, one of President Roosevelt's administrative assistants, has resigned to go back to his former field of work—journalism. Mr. Mellett, former head of the U. S. information service, is to write a column for the Washington "Star," under the caption, "On the Other Hand." In advices from its Washington bureau on March 24, the New York "Herald Tribune" said:

Mr. Roosevelt commented, in his letter accepting Mr. Mellett's resignation: "I'm very much impressed by what you tell me concerning the readiness of 'The Washington Star,' and perhaps other newspapers, to publish points of view contrary to their own. In these times, when it is more than normally necessary to achieve the fullest understanding of vital issues, no greater service could be performed by the publishers, in my opinion."

Feb. Truckloadings 0.5% Over A Year Ago

The volume of freight transported by motor carriers in February decreased 6.6% under January, but showed a slight increase of 0.5% over February, 1943, according to statistics compiled by the American Trucking Associations, Inc. The drop under January was due, at least in part, to the fact that there was one less working day in February. The report further adds in part:

Comparable reports received by ATA from 315 motor carriers in 47 States and the District of Columbia showed these carriers transported an aggregate of 2,163,016 tons in February, as against 2,315,131 tons in January, and 2,152,258 tons in February, 1943.

The ATA index figure, computed on the basis of the average monthly tonnage of the reporting carriers for the three-year period of 1938-1940 as representing 100, was 173.01 in February. The January index was 182.08.

Approximately 78½% of all tonnage transported in the month was hauled by carriers of general freight. The volume in this category deceased 6.2% under January, and 1.8% under February of last year.

Transporters of petroleum products, accounting for slightly more than 14½% of total tonnage reported, showed a decrease of 3.6% under January, but held 21.5% over February, 1943.

Carriers of iron and steel products hauled about 3% of the total tonnage. Their traffic volume dropped 13.9% under January and 11.5% under February a year ago.

Almost 4% of the total tonnage reported consisted of miscellaneous commodities, including tobacco, milk, textile products, coke, bricks, building materials, cement and household goods. Tonnage in this class showed decreases of 17.1% under January and 6.1% under February, 1943.

Procedure To Exclude Mexican Govt. Securities From Status Of Enemy Bonds

Pan American Trust Co., agent, is notifying holders of various Mexican Government securities of arrangements under which they may request exclusion of their holdings from the status of "enemy bonds" into which they fell automatically upon failure to register by Aug. 31, 1943, the deadline originally set. The announcement states:

"Many citizens of friendly countries have thus far failed, for various reasons, to register their securities with the Mexican Government. The Government does not wish to disregard the request of 'non-enemies of Mexico' to register their securities, but to deny registration to enemies of the country.

"Requests for exclusion of securities from their present status as 'enemy bonds' must be made in the form of a letter addressed to Nacional Financiera, S. A., Mexico City, setting forth in detail the reasons for failure to present the securities for registration on or before Aug. 31, 1943, the deadline originally set for this registration. These requests should be presented to the Pan American Trust Co., 70 Wall Street, New York 5, N. Y., together with the securities and an application for registration."

Comparison Of Present And Proposed Taxes Under House Committee's Simplified Plan

A comparison of present taxes and those under the income-tax return simplification plan proposed by the House Ways and Means Committee was given as follows in Washington advices March 17 to the New York "Herald Tribune" in the following table. (The "Income" column refers to net income before exemptions):

	Single Person		Married Person			
	No Dependents		No Dependents		Two Dependents	
Income	Present	Proposed	Present	Proposed	Present	Proposed
$550	$10	$12	0	$2	0	$2
750	54	58	$6	8	$6	8
1,000	110	115	15	15	15	15
2,000	333	345	200	245	67	45
2,500	445	460	312	360	179	160
3,000	571	585	428	475	290	275
4,000	825	835	671	725	517	505
5,000	1,098	1,105	924	975	770	755
7,000	1,705	1,705	1,503	1,555	1,321	1,295
10,000	2,765	2,755	2,527	2,585	2,289	2,245
25,000	10,525	10,590	10,119	10,295	9,713	9,705
50,000	27,543	27,945	27,000	27,585	26,577	26,865
1,000,000	888,015	900,000	887,399	900,000	886,785	900,000

Proposed Surtax Schedules

In setting out the proposed surtax provisions the "Herald Tribune" reported as follows from Washington on March 17:

The surtax schedules suggested by the House Ways and Means Committee today in its income-tax simplification proposal, as compared with present surtaxes, are shown in the tabulation below. Under the simplification plan, each taxpayer, single or married, would be subject to a normal tax of 3% on income which exceeds $500 plus 10% of income (for allowable deductions), and in addition to a surtax on income exceeding exemption of $500 for each member of the family, if any, plus 10% (this 10% not to exceed $500). In each bracket, the surtax computation is the amount given, plus the percentage given of the excess over the lower figure in the bracket.

Surtax	Net Income	Present	Proposed
0—	$2,000	13%	20%
$2,000—	4,000	$260 + 16%	$400 + 22%
4,000—	6,000	580 + 20%	840 + 26%
6,000—	8,000	980 + 24%	1,360 + 30%
8,000—	10,000	1,460 + 28%	1,960 + 34%
10,000—	12,000	2,020 + 32%	2,640 + 38%
12,000—	14,000	2,660 + 36%	3,400 + 43%
14,000—	16,000	3,380 + 40%	4,260 + 47%
16,000—	18,000	4,180 + 43%	5,200 + 50%
18,000—	20,000	5,040 + 46%	6,200 + 53%
20,000—	22,000	5,960 + 49%	7,260 + 56%
22,000—	26,000	6,940 + 52%	8,380 + 59%
26,000—	32,000	9,020 + 55%	10,740 + 62%
32,000—	38,000	12,320 + 58%	14,460 + 65%
38,000—	44,000	15,800 + 61%	18,360 + 69%
44,000—	50,000	19,460 + 63%	22,500 + 72%
50,000—	60,000	23,240 + 66%	26,820 + 75%
60,000—	70,000	29,840 + 69%	34,320 + 78%
70,000—	80,000	36,740 + 72%	42,120 + 81%
80,000—	90,000	43,940 + 75%	50,220 + 84%
90,000—	100,000	51,440 + 77%	58,620 + 87%
100,000—	150,000	59,140 + 79%	67,320 + 89%
150,000—	200,000	98,640 + 81%	111,820 + 90%
Over —	200,000	139,140 + 82%	156,820 + 91%

The approval by the House Ways and Means Committee of a plan to simplify the tax statutes was indicated in our issue of March 23, page 1240.

Civil Engineering Construction $29,412,000 For Week

Civil engineering construction volume in continental United States totals $29,412,000 for the week. This volume, not including construction by military engineers abroad, American contracts outside the country, and shipbuilding, is 11% lower than in the preceding week and 52% below the volume reported to "Engineering News-Record" for the corresponding week in 1943. The report, made public on March 30, added:

Private construction tops last week by 217%, but is 29% under last year. Public work is 35 and 59% lower, respectively, than a week ago and a year ago.

The current week's volume brings 1944 construction to $450,122,000 for the 13 weeks of the year, a decrease of 50% from the $900,430,000 reported for the period in 1943. Private construction, $98,340,000, is 2% above a year ago, but public work, $351,782,000, is down 56% as a result of the 59% decline in Federal volume.

Civil engineering construction volumes for the 1943 week, last week and the current week are:

	April 1, 1943	Mar. 23, 1944	Mar. 30, 1944
Total U. S. construction	$61,389,000	$32,909,000	$29,412,000
Private construction	14,452,000	3,236,000	10,250,000
Public construction	46,937,000	29,673,000	19,162,000
State and municipal	4,350,000	2,299,000	2,727,000
Federal	42,587,000	27,374,000	16,435,000

In the classified construction groups, gains over last week are in sewerage, waterworks, bridges, industrial and commercial buildings, and streets and roads. Gains over the 1943 week are in industrial buildings, and earthwork and drainage. Subtotals for the week in each class of construction are: waterworks, $287,000; sewerage, $388,000; bridges, $177,000; industrial buildings, $4,243,000; commercial building and large-scale private housing, $5,693,000; public buildings, $7,696,000; earthwork and drainage, $1,187,000; streets and roads, $2,723,000, and unclassified construction, $7,018,000.

New capital for construction purposes for the week totals $4,405,000, and is made up of $2,640,000 in State and municipal bond sales and $1,765,000 in RFC loans for industrial improvements. The week's new financing brings 1944 volume to $181,638,000, an increase of 184% over the $64,105,000 reported for the 13 weeks of 1943.

Federal Employes Up

The Federal Government had 2,820,036 employes at the end of January, an increase of 8,224 over December, the Civil Service Commission reported on March 23 according to an Associated Press account from Washington, which also said:

The increase reversed a generally downward trend since June, when Federal employment was 3,002,453. Most agencies decreased employment in January but there was an increase of 10,760 in the number of Navy Department employes.

Plan For Slum Clearance And City Development Program Proposed By U. S. Savs. & Loan League

A six-point plan for slum clearance, general housing and city redevelopment programs which can be sponsored and participated in locally by savings and loan executives, will be recommended to the 3,700 member institutions of the United States Savings and Loan League by its Post-war Savings and Loan Program Committee which is putting the finishing touches on a "progress" report growing out of its studies the past nine months. This was made known by the League on March 4, which stated that the committee consists of 35 savings and loan executives with Gardner W. Taylor, New York City, as Chairman, and W. W. McAllister, San Antonio, Texas, as Vice-Chairman. It would solve, said the League, this phase of the post-war improvement of American living standards as not one, but two, basic problems, viz, (1) the removal of the evils of slums, on the one hand, and (2) supplying adequate housing to the underprivileged on the other.

Officers of the United States League, John F. Scott, St. Paul, Minnesota; W. M. Brock, Dayton, Ohio; Henry P. Irr, Baltimore; H. F. Cellarius, Cincinnati; and Morton Bodfish, Chicago, who met the day following the Post-war Committee's session, indicated their endorsement of the program. They also expressed their belief that it will find ready acceptance among the savings and loan executives. many of whom are already members of local planning and housing commissions and similar official bodies in their respective communities.

The recommendations will be:

"1. Authority for State, county and local governments to grant relief to indigent and underprivileged families to assist in providing adequate shelter as well as food, clothing and other necessities of life.

"2. Authority under State law for State, county and local governments to acquire and clear slum areas, dedicating appropriate portions for parks and other public purposes, and reselling the remainder to private parties with proper deed restrictions to conform to State, county and city plans. The net cost of the operation—the difference between the cost of condemnation and demolition and the proceeds of sale of parts of the area—would be paid by local, county, State or national appropriations and borrowings to be paid by taxation.

"3. To prevent the creation of new slum areas, the committee holds that each State should provide a comprehensive framework for State, county and city planning and zoning, and that State laws should authorize, and county and local laws or ordinances should provide, for adequate housing inspection and for the condemnation and removal of insanitary or otherwise improper residential properties, with penalties to landlord or tenant of such condemned properties.

"4. State law should provide for private redevelopment corporations with adequate power to assemble land, and for the future taxation of redevelopment projects, public, semi-public and private.

"5. That the United States Savings and Loan League should conduct a study of the financing of large redevelopment projects to see where savings and loan associations, traditionally the financing channel for the lowest income groups which have ever had privately-financed housing, may help solve this larger problem.

"6. That savings and loan association officers, directors and employees keep themselves carefully informed on the whole problem of housing, slum clearance and redevelopment, and make their services available on local commissions and authorities dealing with these problems, into which their own experience gives them a grass-roots insight.

"The primary benefit of carrying out the committee's recommendations as the best means of dealing with slum clearance and the housing of the indigent or underprivileged would be to assure the continuation of private home ownership in America," the committee declares. "Upon this basis the majority of American homes would be privately owned by the occupants. The others would be privately owned and would be rented by the occupants. The problem of removing the evils of slums and making adequate provisions for the housing of underprivileged families would be met fairly and logically without resorting to a system of socialized housing with all the paternalistic and socialistic effects upon individual character that such a system is bound to involve."

Issue Rules On Parcel Post For England And Northern Ireland

Postmaster Albert Goldman at New York announced on March 23 that information has been received from the Post Office Department that, effective at once, the following instructions shall govern the acceptance of parcel post packages for Great Britain and Northern Ireland:

"(1) Parcel post packages will be divided into two classes, namely, bonafide unsolicited gift parcels; and all other parcels. The following shall be observed in the acceptance of parcels under the two classes mentioned:

"(a) Bonafide Unsolicited Gift Parcels Addressed to Individuals—All such parcels must be endorsed by the sender with the words "Unsolicited Gift." They may not exceed 5 pounds in weight nor contain more than 2 pounds of any one foodstuff, and they must not be sent oftener than once each calendar month to the same addressee. A gift is not regarded by the British Service as "unsolicited" if it is received as a result of some perior communication sent by the recipient to the donor. Gift parcels not complying with these conditions will be liable to seizure by the British Customs Authorities.

"(b) All Other Parcels—All acceptable merchandise not sent as an unsolicited gift will be admitted into the United Kingdom only under a license which the importer must obtain from the Import Licensing Department of the Board of Trade, 1-6 Tavistock Square, London, W. C. 1, England. In the case of books and other printed matter sent by mail, delivery will be expedited if the titles and the number of volumes, pamphlets, etc., of each title are shown on the outside of the wrapper. All parcels not coming within the requirement set forth in Paragraph (a) above for "unsolicited gift parcels" will be regarded as having been accepted with the understanding that the responsibility for previously determining that the articles sent will be admitted and for obtaining the required import license rests with the sender and addressee, and the Post Office Department will assume no responsibility arising from the failure or the inability of the addressee to produce the import license.

"(2) Parcel-post packages for the United Kingdom shall continue to be subject to the restrictions of the Postmaster General's Order No. 17471 of April 20, 1942, and to the licensing requirements of the Foreign Economic Administration."

From Washington Ahead Of The News

(Continued from First Page)

But it so happens that it definitely reveals what has long been suspected to be a widespread practice. It has been charged in Congress in recent months that the Federal Communications Commission, in monitoring radio communications between this country and other countries, compiles information taken from commercial radiograms and spreads it around among various Government departments for such use as they may care to make. It has been charged that a virtual reign of terror exists among American firms doing legitimate business with legitimate foreign firms, notably in Latin America.

Several weeks ago the Senate Finance Committee was trying to work out a revised renegotiations act. The Treasury and several influences in the War Department were bitterly opposed to the revision. At the height of the Committee's deliberations one of these two columnists began publishing a lot of innuendo and half truths about members of the committee, particularly the chairman, Senator George. It was developed that this material was being peddled to the columnist by the War and Treasury departments. It was such material as neither Department would have publicly avowed.

Perhaps, the most brutal case of these smear tactics was applied to Paul McNutt back in 1940 when he had the "audacity" to assume that Mr. Roosevelt would not run for a third term and that the field was wide open. His campaign got off to a most auspicious start. Headquarters were set up in Indianapolis with fancy neon lights. The money rolled in; an elaborate publicity staff was established. The campaign was touched off with a party in a Washington hotel to which 4,000 guests were invited and seemingly as many crashed the gate. The McNutt campaign was going so well that several New Dealers jumped on his band wagon.

Then of a sudden, out of the Treasury came a story, not a formal statement, just a bit of gossip planted with columnists, that his tax returns over a period of years were being investigated. If there ever was a stab in the back this was one. McNutt did not know how to deal with it. If he publicly demanded that the Treasury make a formal statement he would only give the story added circulation. Nevertheless, after a time, he did accost Morgenthau and demand that the latter say publicly whether it was true or not, and if so, why. Morgenthau pleaded the secrecy of the Internal Revenue's operations. The story circulated all over the country. It knocked the props from under McNutt's campaign. Many months later, after McNutt had withdrawn even his Vice-Presidential ambitions, Morgenthau in a formal statement explained the Treasury had made a "routine" study of McNutt's returns and had found nothing wrong.

The inclination on the part of Washington correspondents at the time was to laugh this off on the grounds that McNutt was a politician and that anything went in politics among politicians.

What is going on now is not confined to politicians. It's a calculated smearing, or more generally, an intimidation of American citizens.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following table:

MOODY'S BOND PRICES†
(Based on Average Yields)

1944— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Apr. 4	119.77	111.44	118.40	116.41	111.44	100.81	104.66	113.70	116.41
3	119.70	111.44	118.40	116.41	111.44	100.81	104.66	113.70	116.41
1	119.68	111.44	118.20	116.41	111.25	100.81	104.66	113.70	116.22
Mar. 31	119.68	111.44	118.20	116.41	111.25	100.81	104.66	113.70	116.22
30	119.68	111.25	118.20	116.41	111.25	100.65	104.66	113.70	116.22
29	119.68	111.44	118.20	116.41	111.25	100.81	104.66	113.70	116.22
28	119.68	111.44	118.20	116.41	111.44	100.81	104.66	113.70	116.22
27	119.70	111.44	118.20	116.61	111.44	100.81	104.66	113.89	116.41
25	119.80	111.44	118.20	116.61	111.44	100.81	104.83	113.89	116.41
24	119.86	111.44	118.20	116.61	111.44	100.81	104.66	113.89	116.41
23	119.96	111.44	118.40	116.61	111.44	100.81	104.66	113.89	116.41
22	119.96	111.44	118.40	116.61	111.44	100.81	104.66	113.89	116.41
21	119.85	111.44	118.40	116.61	111.25	100.65	104.48	113.70	116.41
20	119.93	111.44	118.40	116.61	111.44	100.81	104.48	113.70	116.41
18	120.13	111.44	118.20	116.41	111.44	100.65	104.48	113.70	116.41
17	120.14	111.44	118.20	116.61	111.25	100.65	104.66	113.70	116.41
16	120.13	111.44	118.20	116.41	111.25	100.81	104.48	113.89	116.41
15	120.10	111.25	118.20	116.41	111.25	100.81	104.66	113.89	116.41
14	120.18	111.44	118.20	116.61	111.25	100.65	104.48	113.70	116.41
13	120.23	111.25	118.20	116.41	111.25	100.65	104.48	113.70	116.22
11	120.26	111.25	118.20	116.41	111.25	100.65	104.48	113.70	116.22
10	120.26	111.44	118.20	116.41	111.25	100.81	104.48	113.70	116.41
9	120.26	111.25	118.20	116.41	111.25	100.65	104.48	113.70	116.41
8	120.27	111.25	118.20	116.41	111.25	100.65	104.48	113.70	116.22
7	120.38	111.44	118.20	116.61	111.25	100.65	104.48	113.70	116.41
6	120.44	111.25	118.20	116.61	111.25	100.49	104.48	113.70	116.41
4	120.43	111.25	118.20	116.61	111.25	100.49	104.31	113.70	116.41
3	120.44	111.25	118.20	116.61	111.25	100.49	104.31	113.70	116.41
2	120.42	111.25	118.20	116.22	111.25	100.49	104.31	113.70	116.22
1	120.32	111.25	118.20	116.41	111.25	100.49	104.31	113.70	116.22
Feb. 25	120.21	111.25	118.20	116.41	111.07	100.32	104.31	113.50	116.22
18	119.96	111.25	118.40	116.41	111.07	100.49	104.31	113.50	116.41
11	119.69	111.25	118.40	116.22	111.25	100.49	104.31	113.50	116.41
4	119.45	111.25	118.40	116.22	111.25	100.49	104.14	113.50	116.61
Jan. 28	119.47	111.07	118.20	116.22	111.07	100.16	104.14	113.31	116.41
21	119.58	111.25	118.40	116.41	111.07	100.16	104.31	113.31	116.41
14	119.57	111.25	118.60	116.41	111.25	99.84	104.14	113.50	116.41
7	119.69	111.07	118.60	116.41	111.07	99.36	103.80	113.50	116.22
High 1944	120.44	111.44	118.80	116.61	111.44	100.81	104.83	113.89	116.61
Low 1944	119.41	110.70	118.20	116.22	110.88	99.04	103.30	113.12	116.02
High 1943	120.87	111.44	119.41	117.00	111.81	99.36	103.47	114.27	117.40
Low 1943	116.85	107.44	116.80	113.89	108.88	92.35	97.16	111.81	114.46
1 Year ago									
Apr. 3, 1943	117.38	109.60	117.60	115.43	110.52	96.85	100.98	112.93	115.63
2 Years ago									
Apr. 4, 1942	118.16	106.92	116.41	113.70	107.62	92.28	97.00	110.52	114.08

MOODY'S BOND YIELD AVERAGES
(Based on Individual Closing Prices)

1944— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Apr. 4	1.83	3.09	2.73	2.83	3.09	3.70	3.47	2.97	2.83
3	1.83	3.09	2.73	2.83	3.09	3.70	3.47	2.97	2.83
1	1.83	3.09	2.74	2.83	3.10	3.70	3.47	2.97	2.84
Mar. 31	1.83	3.09	2.74	2.83	3.10	3.70	3.47	2.97	2.84
30	1.83	3.10	2.74	2.83	3.10	3.71	3.47	2.97	2.84
29	1.83	3.09	2.74	2.83	3.10	3.70	3.47	2.97	2.84
28	1.83	3.09	2.74	2.83	3.09	3.70	3.47	2.97	2.84
27	1.83	3.09	2.74	2.82	3.09	3.70	3.47	2.96	2.83
25	1.83	3.09	2.74	2.82	3.09	3.70	3.46	2.96	2.83
24	1.82	3.09	2.74	2.82	3.09	3.70	3.47	2.96	2.83
23	1.81	3.09	2.73	2.82	3.09	3.70	3.47	2.96	2.83
22	1.81	3.09	2.73	2.82	3.09	3.70	3.47	2.96	2.83
21	1.82	3.09	2.73	2.82	3.10	3.71	3.48	2.97	2.83
20	1.82	3.09	2.73	2.82	3.09	3.70	3.48	2.97	2.83
18	1.80	3.09	2.74	2.83	3.09	3.71	3.48	2.97	2.83
17	1.80	3.09	2.74	2.82	3.10	3.71	3.47	2.97	2.83
16	1.80	3.09	2.74	2.83	3.10	3.70	3.48	2.96	2.83
15	1.80	3.10	2.74	2.83	3.10	3.70	3.47	2.96	2.83
14	1.81	3.09	2.74	2.82	3.10	3.71	3.48	2.97	2.83
13	1.81	3.10	2.74	2.83	3.10	3.71	3.48	2.97	2.84
11	1.81	3.10	2.74	2.83	3.10	3.71	3.48	2.97	2.84
10	1.81	3.09	2.74	2.83	3.10	3.70	3.48	2.97	2.83
9	1.81	3.10	2.74	2.83	3.10	3.71	3.48	2.97	2.83
8	1.81	3.10	2.74	2.83	3.10	3.71	3.48	2.97	2.84
7	1.80	3.09	2.74	2.82	3.10	3.71	3.48	2.97	2.83
6	1.79	3.10	2.74	2.82	3.10	3.72	3.48	2.97	2.83
4	1.80	3.10	2.74	2.82	3.10	3.72	3.49	2.97	2.83
3	1.80	3.10	2.74	2.82	3.10	3.72	3.49	2.97	2.83
2	1.80	3.10	2.74	2.84	3.10	3.72	3.49	2.97	2.84
1	1.81	3.10	2.74	2.83	3.10	3.72	3.49	2.97	2.84
Feb. 25	1.81	3.10	2.74	2.83	3.11	3.73	3.49	2.98	2.84
18	1.83	3.10	2.73	2.83	3.11	3.72	3.49	2.98	2.83
11	1.85	3.10	2.73	2.84	3.10	3.72	3.49	2.98	2.83
4	1.87	3.10	2.73	2.84	3.10	3.72	3.50	2.98	2.82
Jan. 28	1.87	3.11	2.74	2.84	3.11	3.74	3.50	2.99	2.83
21	1.86	3.10	2.73	2.83	3.11	3.74	3.49	2.99	2.83
14	1.86	3.10	2.72	2.83	3.10	3.76	3.50	2.98	2.83
7	1.85	3.11	2.72	2.83	3.11	3.79	3.52	2.98	2.84
High 1944	1.87	3.13	2.74	2.84	3.12	3.81	3.55	3.00	2.85
Low 1944	1.79	3.09	2.71	2.82	3.09	3.70	3.46	2.96	2.82
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	1.79	3.09	2.68	2.80	3.07	3.79	3.54	2.94	2.78
1 Year ago									
Apr. 3, 1943	2.05	3.19	2.77	2.88	3.14	3.95	3.69	3.01	2.87
2 Years ago									
Apr. 4, 1942	1.96	3.34	2.83	2.97	3.30	4.26	3.94	3.14	2.95

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

Steel Production To Set New High — Demand Remains Heavy — Backlogs Continue To Rise

"Typical of the way in which U. S. industry has vanquished obstacles all through the war, steel companies succeeded in setting production records during March in spite of manpower losses, strikes, the necessity of repairing badly overworked equipment and other hurdles." says "The Iron Age" in its issue of today (April 6), further adding:

"Total ingot output last month exceeded the unprecedented tonnage made during last October. Credit for the feat is shared all down the line, with much praise due for skillful management, adept scheduling and daring use of equipment.

"Production experts are very doubtful that current high levels can be maintained for any length of time. It is said that much steel is being lost each week because the proper labor is not available to meet steel schedules, which have been set on the basis of past performance. The shutdown of one open hearth furnace in Ohio March 27 definitely was credited to the lack of manpower. The industry was told officially last week that it can expect few deferments for men under 26. At the same time the industry presented a program proposing close cooperation between the Government and the industry in regard to deferments, absenteeism, turnover, strikes and the hiring of women.

"Demand for steel remains heavy, with backlogs rising in many lines, including flat rolled products, shell steel, bars and forgings. The carryover of unrolled tonnage from March into April in the case of most mills probably will prove to be higher than from February into March.

"Requirements of freight car builders for plates, which are only now being received, may not be turned out until the third quarter instead of the second quarter, due to the combination of heavy Navy and Maritime orders, as well as carryovers. The farm implement program, however, is reported to be on schedule.

"To cover the interval before action on the request of Lake Superior iron ore producers for increased prices, OPA on March 30 issued an adjustable price order covering 1944 shipments from Minnesota, Wisconsin and Michigan. The order, issued at the request of the Iron Ore Advisory Committee, provides that prices may be adjusted upward after delivery to an amount not in excess of the ceilings established. The order will be automatically revoked upon the effective date of action taken by OPA, whether it grants or denies the request for higher prices.

"First call on the nation's bituminous coal supply during the coal year 1944-45 has been given to the iron and steel industry and certain other war-vital industries requiring special purpose coals mined in the East and Midwest.

"Stocks of bituminous coal held by the steel industry on March 1, 1944, averaged 22 days compared with 29 days on the same date of 1943, while stocks at by-product coke ovens declined to 24 days from 39."

The American Iron and Steel Institute on April 3 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 99.5% of capacity for the week beginning April 3, compared with 99.1% one week ago, 98.8% one month ago and 99.6% one year ago. The operating rate for the week beginning April 3 is equivalent to 1,782,300 tons of steel ingots and castings, a new high level, compared to 1,775,200 tons one week ago, 1,739,800 tons one month ago, and 1,724,700 tons one year ago. The previous high was 1,781,300 tons in the week begining Oct. 11, 1943.

"Steel" of Cleveland, in its summary of the iron and steel markets, on April 3, stated in part as follows:

"Higher prices on some steel products are expected to be announced this week by Office of Price Administration, following study of the situation in cost sheets of practically the entire industry.

"Some increase is expected on rails, heavy plates, standard shapes, carbon bars and some grades of sheets, these being products on which losses are claimed by steelmakers. The changes are expected to be effective April 15. On some other products where profits are sufficient it is expected lower ceilings will be provided. Changes are on the basis of present costs and do not take into account the added expense involved in the portal-to-portal miners' pay recently sustained by the Supreme Court nor whatever wage increase may be allowed in the case now before a panel of the War Labor Board.

"Steelmakers believe the present pressure for steel delivery will be sustained past the middle of the year, as only unexpected developments in the military situation could affect the situation materially. Movement of flat-rolled products should continue high, with tin plate production seasonally increased. Production rate of steel plates may be difficult to sustain, with a record in February and a new high expected when March total has been announced. Capacity will be increased during second quarter, though much of this will not be effective until late in the period. With the strain on existing equipment some output may be lost by repair idleness, partially balancing new capacity.

"While bars have not been under the same pressure as plates and sheets the rate at which they have moved this year is expected to be maintained. While small arms ammunition requirements have dropped, demand for heavy ammunition has gained and aircraft needs are expected to increase.

"Scrap proves sufficient for all needs, except in cast grades, which are scrace. Many foundries are increasing proportion of pig iron in their mixtures.

"Activity in railroad buying is increasing and freight car awards in March have been greater than in any recent month except February. Material supply for cars and locomotives is tight and many shops are unable to operate at capacity, though they have large orders. Rail mills are booked through third quarter and are operating at capacity."

Electric Output For Week Ended Aprill 1, 1944 Shows 13.3% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended April 1, 1944, was approximately 4,408,703,000 kwh., compared with 3,889,858,000 kwh. in the corresponding week a year ago, an increase of 13.3%. The output for the week ended Mar. 25, 1944, was 12.2% in excess of the similar period of 1943.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended— Apr. 1	Mar. 25	Mar. 18	Mar. 11
New England	4.0	4.7	5.2	7.0
Middle Atlantic	11.1	11.4	10.7	12.6
Central Industrial	10.9	9.5	8.8	8.9
West Central	8.6	6.6	8.1	5.7
Southern States	13.4	11.1	9.5	11.2
Rocky Mountain	4.5	6.5	5.2	5.6
Pacific Coast	29.7	28.0	28.3	27.2
Total United States	13.3	12.2	11.5	12.2

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1944	1943	% Change over 1943	1942	1932	1929
Jan. 1	4,337,387	3,779,993	+14.7	3,288,685	1,619,265	1,542,000
Jan. 8	4,567,959	3,952,587	+15.6	3,472,579	1,602,482	1,733,810
Jan. 15	4,539,083	3,952,479	+14.8	3,450,468	1,598,201	1,736,721
Jan. 22	4,531,662	3,974,202	+14.0	3,440,163	1,588,967	1,717,315
Jan. 29	4,523,763	3,976,844	+13.8	3,468,193	1,588,853	1,728,203
Feb. 5	4,524,134	3,960,242	+14.2	3,474,638	1,578,817	1,726,161
Feb. 12	4,532,730	3,939,708	+15.1	3,421,639	1,545,459	1,718,304
Feb. 19	4,511,562	3,948,749	+14.3	3,423,589	1,512,158	1,699,250
Feb. 26	4,444,939	3,892,796	+14.2	3,409,907	1,519,679	1,706,719
March 4	4,464,686	3,946,630	+13.1	3,392,121	1,538,452	1,702,570
March 11	4,425,630	3,944,679	+12.2	3,357,444	1,537,747	1,687,229
March 18	4,400,246	3,946,836	+11.5	3,357,032	1,514,553	1,683,262
March 25	4,409,159	3,928,170	+12.2	3,345,502	1,480,208	1,679,589
April 1	4,408,703	3,889,858	+13.3	3,348,608	1,465,076	1,633,291
April 8	------	3,882,467		3,320,858	1,480,738	1,696,543
April 15	------	3,916,794		3,307,700	1,469,810	1,709,331
April 22	------	3,925,175		3,273,190	1,454,505	1,699,822
April 29	------	3,866,721		3,304,602	1,429,032	1,688,434

Interstate Trade Barriers Removal Urged

In the belief that there may be some forms of interstate trade barriers still in existence, despite the fact that they are unconstitutional, the Commerce and Industry Association of New York, through Secretary Thomas Jefferson Miley, urged the Council of State Governments on March 23 to request Congressional action toward their elimination. Mr. Miley declared that "the free trade area which existed in the U. S. previous to 1930, made possible industrial developments in the United States which resulted in raising the standards of living for its people far higher than that of any other nation in the world." In his letter to the State Governments Council, he further says:

"During the depression of the 1930's various States raised trade barriers against each other primarily for the purpose of obtaining increased revenue. These barriers proved so harmful to domestic commerce that when the U. S. entered the war, it became necessary, in order to further war production, to have those trade barriers, which were due to different State regulations concerning trucks, removed. The Council of State Governments arranged an agreement between all the States which became effective June 30, 1942, for uniformity in regulations having to do with trucks. But the agreements were formulated only for the duration of the war.

"In the interest of employment, it is essential that there be freedom of trade between the States in the post-war period. The raising of interstate trade barriers can move with such rapidity if not prohibited because of the natural retaliation that is developed between the States when restrictions legislated by one State affect the interests of the other States.

"In the belief that there may be some forms of interstate barriers still existing, despite the fact that they are unconstitutional, it is unlikely that these barriers, should they exist, can be eliminated without the aid of Congress. The Commerce and Industry Association of New York requests your group to call on Congress to take such action as may be necessary. This action, of course, is in addition to any agreements the Council of State Governments may succeed in arranging between the States to eliminate interstate trade barriers."

Minor Amendments by SEC In Reports Filed With ICC

The Securities and Exchange Commission announced on March 21 the adoption of minor amendments to its annual report Forms 12-K and 12A-K. The Commission states:

Companies which report to the Interstate Commerce Commission on Form A are permitted, in connection with reports to the SEC on Forms 12-K and 12A-K, to file certain selected schedules in lieu of a complete Form A. The purpose of the amendments is to revise the selected schedules so as to conform to certain changes made in Form A of the Interstate Commerce Commission for the year ended Dec. 31, 1943.

Moody's Daily Commodity Index

Tuesday, March 28, 1944	251.0
Wednesday, March 29	250.6
Thursday, March 30	250.9
Friday, March 31	250.0
Saturday, April 1	249.9
Monday, April 3	249.6
Tuesday, April 5	249.9
Two weeks ago, March 21	251.0
Month ago, March 4	248.8
Year ago, April 5	249.0
1943 High, April 1	249.8
Low, Jan. 2	240.2
1944 High, March 17	251.5
Low, Jan. 5	247.0

Weekly Coal And Coke Production Statistics

The Solid Fuels Administration for War, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended March 25, 1944 is estimated at 11,930,000 net tons, as against 11,920,000 tons in the preceding week, and 12,599,000 tons in the corresponding period last year. Cumulative output of soft coal from Jan. 1 to March 25 amounts to 150,857,000 tons, an increase of 4,270,000 tons, or 2.9% over the same period of 1943.

According to the U. S. Bureau of Mines, production of Pennsylvania anthracite for the week ended March 25 was estimated at 1,223,000 tons, a decrease of 8,000 tons (0.7%) from the preceding week. When compared with the output in the corresponding week of 1943 there was a decrease of 118,000 tons, or 8.8%. The calendar year to date shows an increase of 4.6% when compared with the corresponding period of 1943.

The Bureau of Mines also reported that the estimated production of byproduct coke in the United States for the week ended March 25 showed an increase of 100 tons when compared with the output for the week ended March 18, 1944. The quantity of coke from beehive ovens decreased 3,900 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COAL, IN NET TONS

Bituminous coal and lignite—	Week Ended— March 25, 1944	March 18, 1944	March 27, 1943	January 1 to Date— *March 25, 1944	March 27, 1943	March 27, 1937
Total, incl. mine fuel	11,930,000	11,920,000	12,599,000	150,857,000	146,587,000	129,642,000
Daily average	1,988,000	1,987,000	2,100,000	2,075,000	2,008,000	1,778,000

*Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

(In Net Tons)

Penn. anthracite—	Week Ended— §March 25, 1944	¶March 18, 1944	March 27, 1943	Calendar Year to Date— March 25, 1944	March 27, 1943	March 30, [illegible]
*Total incl. coll. fuel	1,223,000	1,231,000	1,341,000	15,398,000	14,716,000	18,350,000
†Commercial produc.	1,174,000	1,182,000	1,287,000	14,783,000	14,127,000	17,029,000
Byproduct coke— United States total	1,277,500	1,277,400	1,218,600	15,491,600	14,960,800	‡
Beehive coke— United States total	145,200	149,100	171,000	1,884,200	1,950,600	1,562,500

*Includes washery and dredge coal, and coal shipped by truck from authorized operation. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision. ¶Revised.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

(In Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

State—	Week Ended— March 18, 1944	March 11, 1944	March 20, 1943	March 20, 1937
Alabama	400,000	408,000	368,000	307,000
Alaska	5,000	5,000	6,000	2,000
Arkansas and Oklahoma	82,000	95,000	111,000	52,000
Colorado	174,000	178,000	170,000	153,000
Georgia and North Carolina	1,000	1,000	1,000	*
Illinois	1,470,000	1,565,000	1,582,000	1,553,000
Indiana	530,000	556,000	500,000	523,000
Iowa	51,000	50,000	60,000	122,000
Kansas and Missouri	158,000	190,000	174,000	203,000
Kentucky—Eastern	918,000	959,000	997,000	898,000
Kentucky—Western	341,000	351,000	312,000	282,000
Maryland	38,000	38,000	41,000	36,000
Michigan	5,000	8,000	6,000	18,000
Montana (bitum. & lignite)	77,000	95,000	79,000	72,000
New Mexico	40,000	41,000	40,000	41,000
North & South Dakota (lignite)	59,000	53,000	39,000	38,000
Ohio	659,000	631,000	665,000	644,000
Pennsylvania (bituminous)	2,860,000	2,853,000	2,894,000	2,849,000
Tennessee	168,000	164,000	163,000	115,000
Texas (bituminous & lignite)	3,000	3,000	3,000	14,000
Utah	126,000	135,000	122,000	93,000
Virginia	3[illegible]2,000	400,000	404,000	333,000
Washington	28,000	34,000	28,000	38,000
†West Virginia—Southern	2,175,000	2,247,000	2,336,000	2,079,000
‡West Virginia—Northern	970,000	969,000	978,000	767,000
Wyoming	189,000	180,000	194,000	132,000
§Other Western States	1,000	1,000	1,000	1,000
Total bituminous & lignite	11,920,000	12,210,000	12,274,000	11,365,000
¶Pennsylvania anthracite	1,231,000	1,250,000	1,221,000	1,334,000
Total, all coal	13,151,000	13,460,000	13,495,000	12,699,000

†Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason and Clay counties. ‡Rest of State, including the Panhandle District and Grant, Mineral and Tucker counties. §Includes Arizona, California, Idaho, Nevada and Oregon. ¶Data for Pennsylvania anthracite from published records of the Bureau of Mines. *Less than 1,000 tons.

Record Level of Earnings And Spendings In U. S. During January Reported By OWI

The index of the American people's earnings and spendings both stood at record high levels during January, the Office of War Information said on March 21 in the sixth of a series of monthly economic stabilization summaries based on data from the Department of Commerce, War Production Board, Treasury Department, the Labor Department's Bureau of Labor Statistics and the Federal Reserve Board. According to the advices from the OWI, "in actual figures, both income payments and retail sales declined somewhat as compared to December, but the declines were less than seasonally normal, and both series were higher than in January, 1943. The index of income payments, when adjusted for seasonal variations, advanced 2.7 points over December and 31 points over January, 1943. The retail sales index, taking seasonal adjustments into account, rose 7.6 points over December and 19.5 points over the comparable 1943 period." The announcement goes on to say:

"At the same time, in spite of record earning and spending levels, the cost of living index declined two-tenths of 1% between December and January, but showed an advance of 2.8% over January, 1943. The cost of food index declined seven-tenths of 1% between December and January and stood 2.4 % over a year ago.

"Money in circulation showed a decline in January for the first time in 47 consecutive months, but was still considerably higher than a year ago. Checking accounts, according to reports from 101 large cities, also were somewhat smaller, probably reflecting investments during the Fourth War Loan."

In issuing this month's summary OWI made three changes in the form of presenting its economic statistics:

"(1) Only monthly data henceforth will be given, for the sake of keeping reports on a current basis.

"(2) The usual headings 'Factors Against Stabilization' and 'Factors Toward Stabilization' will be eliminated, since many borderline figures cannot readily be classified in either category.

"(3) Figures on goods and services available will be replaced by the index of non-durable goods manufactures, since availability cannot be accurately measured on a monthly basis due to indeterminable variations in inventories, and since services are subject to considerable elasticity in measurement.

ECONOMIC STABILIZATION SUMMARY No. 6

(Figures in billion dollars except those for weekly and hourly earnings)

	Jan., 1944	Dec., 1943	Jan., 1943
Income payments to individuals	12.54	13.47	10.82
Salaries and wages	8.91	9.04	7.72
Cash income from farm marketings	1.545	1.697	1.261
War expenditures	7.416	6.951	6.254
Money in circulation (Wed. nearest end of mo.)	20.39	20.43	15.59
Checking accounts (do. 101 large cities)	31.87	33.9	29.74
National debt total	170.7	165.9	111.1
E. F. & G. bonds outstanding	25.28	23.75	12.64
Net sales E. F. & G. bonds	1.54	.67	1.20
Retail store sales	4.953	6.716	4.452
Weekly earnings in manufacturing	----	$44.68	$40.62
*Straight time hourly earnings	----	91c	85.2c

*Without allowing for shifts between industries since October, 1942.

INDEXES

(Average, 1935-39 = 100 unless otherwise noted)

	Jan., 1944	Dec., 1943	Jan., 1943
Income payments, total	227.5	224.8	196.5
Salaries and wages	253.3	251.7	218.6
Cash income from farm marketings	264.	257.	224.
Cost of living	124.1	124.4	120.7
Cost of food	136.1	137.1	133.
Wholesale prices (1926=100)	103.3	103.2	101.9
Farm products (1926=100)	121.8	121.8	117.
Retail sales adjusted index	178.7	171.1	159.2
Non-durable manufactures	174.	173.	171.

National Fertilizer Association Commodity Price Average Again Declines

The weekly wholesale commodity price index, compiled by The National Fertilizer Association and made public on April 3, again declined in the week ending April 1 to 137.0 from 137.2 in the preceding week. A month ago this index stood at 136.8 and a year ago at 136.5, based on the 1935-1939 average as 100. The Association's report went on to say:

Lower prices for some farm products and foods were mainly responsible for the fractional decrease in the all-commodity price index. The farm products group index declined as a result of lower quotations for hogs and lambs. This more than offset higher prices on rye, good cattle and ewes. In the foods group declining prices were registered by white potatoes and flour while prices for fresh pork rose. The textile group remained unchanged from the previous week as prices for raw cotton declined and denim advanced. During the week none of the group averages advanced and four declined.

During the week five price series advanced and six declined; in the preceding week there were seven advances and six declines; and in the second preceding week there were nine advances and two declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX

Compiled by The National Fertilizer Association

1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week Apr. 1, 1944	Preceding Week Mar. 25, 1944	Month Ago Mar. 4, 1944	Year Ago Apr. 3, 1943
25.3	Foods	137.8	137.9	138.0	138.8
	Fats and Oils	146.1	146.1	146.1	147.7
	Cottonseed Oil	159.6	159.6	159.6	159.0
23.0	Farm Products	156.4	157.0	156.3	157.9
	Cotton	200.6	202.1	198.3	203.8
	Grains	164.8	164.8	164.8	149.2
	Livestock	146.4	147.1	146.8	152.8
17.3	Fuels	130.1	130.1	130.1	122.2
10.8	Miscellaneous commodities	132.2	132.2	131.4	130.4
8.2	Textiles	152.2	152.2	151.6	151.8
7.1	Metals	104.4	104.4	104.4	104.4
6.1	Building materials	152.4	152.4	152.4	152.2
1.3	Chemicals and drugs	127.7	127.7	127.7	126.6
.3	Fertilizer materials	117.7	117.7	117.7	117.9
.3	Fertilizers	119.7	119.7	119.7	119.8
.3	Farm machinery	104.2	104.2	104.2	104.1
100.0	All groups combined	137.0	137.2	136.8	136.5

*Indexes on 1926-1928 base were: April 1, 1944, 106.7; March 25, 106.9, and April 3, 1943, 106.3.

Increased Volume Of Home Mtgs. In Past Five Years Reported By Savings & Loan League

A larger dollar volume of home mortgages has been recorded in the past five years than the entire existing home-owner debt in the country at the beginning of 1939, it was pointed out on March 25 by the United States Savings and Loan League, which sums up the new loans made by all lenders in this field, institutional and individual, for 1939-1943 at $20,074,000,000. As of Jan. 1, 1939, the outstanding home mortgage debt is estimated to have been $17,721,000,000, says the League announcement, which also states:

"A survey of the past ten years in home mortgage lending has just been completed by the League's Committee on Guarantee of Mortgages and Excess Credits, to get an objective view of the influence and results of the FHA, the first nationwide experiment in the insurance of home mortgages, which was enacted by Congress ten years ago this May. Among the findings are that only 22.7% of the great home loan volume of the last five years has been in loans insured by the FHA. Of the large total credit extended this half decade, $3,601,000,000 has been granted by individual lenders who make no FHA insured loans, and $6,241,000,000 of it came from savings and loan associations and cooperative banks which insured no more than 9% of their total new loan volume in any one of the past five years, and insured an average of only 6 to 7% over the period.

"Of that $20,074,000,000 credit granted according to the mortgage recording figures developed by the Federal Home Loan Bank Administration, the largest single year's volume was in 1941, when $4,371,000,000 was advanced on home mortgage security. In that year, 23% of the volume was made with FHA insurance, reports James V. Davidson, Toledo, Ohio, Chairman of the League's committee. In the two previous years the total amount of insured mortgage lending had been only 21.1% and 21.8% respectively of the total volume. In 1942, the year Title VI, or war housing, insured mortgages began to play so large a part in private lending for new home building, the percentage of insured mortgages went up another notch or two, to 27.7%, the highest to date."

"Tracing the influence of the existence of a mortgage guarantee plan upon the expanding volume of home lending in the last half of the 1930's, the committee found that unquestionably the FHA had played a significant part in the development of the will and desire both to lend, on the part of institutional lenders, and to borrow, on the part of hundreds of thousands of families," Mr. Davidson said. "Nevertheless the conclusion must be drawn that the economic conditions which give borrowers the will to purchase or build homes and which cause lenders to make loans were the real expansionist factor in mortgage lending beginning with 1936."

In part he added:

"Looking at the total home mortgage lending volume as it developed in the recovery years, we see that all of the home borrowing done in 1935, the year that the insured mortgage phase of the FHA program got under way, amounted to $1,428,000,000, exclusive of HOLC refinancing. That year the savings and loan institutions advanced $451,000,000 of it, with scarcely a smattering of FHA insurance. The next year, 1936, with the FHA in full swing, total home mortgage credit granted by all sources was $2,030,000,000. The influence of the guarantee of mortgages was beginning to be felt. The loans of commercial banks and trust companies that year were four times the volume of two years previous, before the FHA got underway. Insurance company mortgage loans were nine times as great as in 1934, and those of mutual savings banks represented an increase of 40% over their performance in 1934. Savings and loan institutions increased their loans 67% over the 1934 volume. But let us not forget that 1936 is rated as the beginning year of recovery.

"The next year, 1937, was the first year in which general business activity went above the normal line since 1929. The figures on mortgage loans reflect this rosier general outlook. People borrowed an estimated $2,472,000,000 on home mortgage security that year. The next year, when the economic pendulum swung back a little below the line, mortgage loans—in spite of the guarantee plan—dropped back too, to just $2,374,000,000.

"Then came the European war with its stepping-up of business activity and the five years during which it has been the dominant factor have been accompanied by feverish new highs in the prosperity of the nation, and a concomitant expansion in home mortgage lending.

"It is obvious that the FHA helped start the expansion in home-owner credit in 1935. It is just as clear that the real measure of whether new borrowing is going to be done in small or large volume is the economic temper of the period rather than the existence or non-existence of a single device of the mortgage mechanism."

Dunman Special Agent Of U. S. Dept. of Labor

Leonard J. (Jack) Dunman, Safety Director for the Mengel Co., of Louisville, Ky., producer of hardwood products, has been appointed a Special Agent of the U. S. Department of Labor, Division of Labor Standards. His territory will include Kentucky, Ohio, West Virginia and most of Indiana. Mr. Dunman served on panel discussions of the National Safety Council in Chicago, and is also on the Board of Directors of the Embeco Association, Board of Directors of the Louisville Area Training Association, a member of the Industrial Committee of the Louisville Safety Council, and serves as a panel member of the War Products Advisory Committee. Most of the work connected with his appointment will be in an advisory capacity and plant check-ups from time to time. He will handle this in connection with his regular work.

Wholesale Commodity Index Advanced 0.1% In Week Ended March 25, Labor Dept. Reports

Commodity prices in primary markets rose 0.1% during the week ended March 25, principally because of further advances in prices for hogs and rye and an upward adjustment by OPA in ceiling prices for Southern pine boards and dimension lumber, it was announced by the U. S. Labor Department on March 30. The advices add that "the Bureau of Labor Statistics' index for the nearly 900 price series now stands at 103.7% of the 1926 average." "The general level is 0.1% above a month ago and 0.4% higher than the corresponding week in March, 1943," it is indicated by the Department, which also has the following to say:

"Farm Products and Foods—Prices for hogs led the advance in this group, with a further increase of more than 2%. Prices were also higher for rye, ewes, lemons and for white potatoes in the Chicago and Portland, Ore., markets. Quotations were lower for steers and lambs, oranges and sweet potatoes, for apples in the Portland, Ore., market and for eggs in most markets. Quotations for rye flour and yellow cornmeal and for wheat flour in the Kansas City market were higher. Compared with a week ago, average prices for farm products were up by 0.1% and foods were down by 0.1%. Market prices for farm products were 0.3% higher than a month ago and for the corresponding week of last year, while food prices were lower than last month by 0.1% and a year ago by nearly 3%.

"Industrial Commodities—Very few changes for industrial products were reported during the week. An upward adjustment in OPA ceiling prices for Southern pine boards and dimension lumber and higher prices for rosin and shellac caused the index for building materials to rise 0.7%. As a result of a sharp decline in quotations for imported goatskins, the hides and leather products group dropped 0.1%. Except for these changes, markets for other major industrial products continued to show the relative stability which has characterized the general price movement for the past several months."

A notation in the Dpartment's announcement states:

Note—During the period of rapid changes caused by price controls, materials allocation and rationing, the Bureau of Labor Statistics will attempt promptly to report changing prices. Indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following tables show (1) index numbers for the principal groups of commodities for the past three weeks, for Feb. 26, 1944 and March 27, 1943, and the percentage changes from a week ago, a month ago and a year ago, and (2) percentage changes in subgroup indexes from March 18 to March 25, 1944.

WHOLESALE PRICES FOR WEEK ENDED MARCH 25, 1944
(1926=100)

						Percentage change to March 25, 1944 from—		
Commodity Groups—	3-25 1944	3-18 1944	3-11 1944	2-26 1944	3-27 1943	3-18 1944	2-26 1944	3-27 1943
All commodities	*103.7	*103.6	*103.4	*103.6	103.3	+0.1	+0.1	+ 0.4
Farm products	*124.6	*124.5	*123.4	*124.2	124.2	+0.1	+0.3	+ 0.3
Foods	104.5	104.6	104.6	104.6	107.6	—0.1	—0.1	— 2.9
Hides and leather products	117.5	117.6	117.6	117.5	118.4	—0.1	0	— 0.3
Textile products	97.3	97.3	97.3	97.2	96.8	0	+0.1	+ 0.5
Fuel and lighting materials	*83.6	*83.6	83.6	83.7	80.8	0	—0.1	+ 3.5
Metals and metal products	*103.8	*103.8	*103.8	*103.8	103.9	0	0	— 0.1
Building materials	114.6	113.8	113.7	113.7	110.4	+0.7	+0.8	+ 3.8
Chemicals and allied products	100.4	100.4	100.4	100.4	100.0	0	0	+ 0.4
Housefurnishing goods	105.9	105.9	105.9	106.2	104.2	0	—0.3	+ 1.6
Miscellaneous commodities	93.3	93.3	93.3	93.3	91.2	0	0	+ 2.3
Raw materials	*114.0	*113.9	*113.3	*113.7	112.5	+0.1	+0.3	+ 1.3
Semimanufactured articles	93.5	93.5	93.5	93.5	92.9	0	0	+ 0.6
Manufactured products	*100.7	*100.6	*100.6	*100.6	100.7	+0.1	+0.1	0
All commodities other than farm products	*99.2	*99.2	*99.2	*99.2	98.8	0	0	+ 0.4
All commodities other than farm products and foods	*98.3	*98.2	*98.2	*98.3	96.6	+0.1	0	+ 1.8

*Preliminary.

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM MARCH 18, 1944 TO MARCH 25, 1944

Increases			
Lumber	2.4	Livestock and poultry	0.8
Cereal products	0.3		
Decreases			
Other foods	0.3	Hides and skins	0.2
Fruits and vegetables	0.2	Other farm products	0.2

Living Costs In Large Cities Declined Between Jan. 15-Feb. 15, Labor Dept. Reports

Lower food prices in most cities brought living essentials down by .3 of 1% between mid-January and mid-February, Secretary Frances Perkins of the U. S. Department of Labor said on March 19. She stated that "food prices declined by 1.2% on the average, while prices of other goods and services rose by .3 of 1%."

In February the cost of living was slightly below last April when the President's hold-the-line order was issued. The Bureau of Labor Statistics index now stands at 123.7% of the 1935-39 average, about 23% above the January, 1941, level, said Miss Perkins, who added:

"Over the last year, prices of living essentials have increased 2.2%. Rents are almost unchanged, food has been practically stabilized, while clothing prices are up 6.8%, and the average cost of fuel, housefurnishings and equipment, and miscellaneous goods and services are up 3 to 4%.

"The reduction in food prices from January 15 to February 15 was somewhat greater than usual at this time of year because of the unusual decline in green vegetables and oranges. Ordinarily, there is a seasonal rise in fresh produce. This year there were declines because of unsually large supplies of certain vegetables and the establishment of community ceilings on produce in many localities. The increases for apples, onions, potatoes and sweet potatoes were seasonal, while eggs declined. Average prices for fresh and frozen fish declined 3.7%, as several species of fresh fish were placed under ceilings on January 27.

"Food supplies in February were on the whole larger than in January, although the shortages of cheese, butter, some grades of meat, and the better grades of apples continued in several sections of the country. Supplies of pork continued to be large, prices declined seasonally, and consumers were allotted more ration points for pork.

"Increases in clothing prices were general, but in most cases small. The kinds of rayon stockings priced for the cost of living index rose on the average 1.2%. Shortages of merchandise in the lower-cost brackets (particularly men's work shoes, men's and women's felt hats, women's rayon underwear, and girdles) resulted in higher costs in most of the cities surveyed. Some stores were holding clearance sales of winter clothing in February, but the stocks for clearance were too small to warrant the inclusion of the sales prices in the cost of living index.

"Shortages of inexpensive quality housefurnishings were also reported in many cities. The cost of living room and bedroom suites, wool rugs and stoves went up on this account. Clearance prices for war model living room suites and for limited stocks of certain types of blankets were not included in the February index.

"Fuel prices advanced seven-tenths of 1%. Coal prices rose generally because of increased labor costs under the 7-day work week. The average advance for anthracite was about 48 cents per ton, and for bituminous approximately three cents per ton. Coke prices in East North Central cities were up by 50 cents a ton.

"Miscellaneous goods and services rose three-tenths of 1%. The cost of medical care increased in 12 cities. Occasional advances were reported for beauty and barber shop services, newspapers, and motion pictures. Upward adjustments of laundry prices allowed by OPA were reported in five cities while one reported a decrease. Shoe repair prices continued to rise in most large cities."

COST OF LIVING IN LARGE CITIES
Indexes, 1935-39=100*

Date—	All items	Food	Clothing	Rent	Fuel electricity and ice	House-furnishings	Miscellaneous
1939: Aug. 15	98.6	93.5	100.3	104.3	97.5	100.6	100.4
1941: Jan. 15	100.8	97.8	100.7	105.0	100.8	100.1	101.9
1942: May 15	116.0	121.6	126.2	109.9	104.9	122.2	110.9
Sep. 15	117.8	126.6	125.8	108.0	106.2	123.6	111.4
1943: Feb. 15	121.0	133.6	126.2	108.0	107.2	124.1	113.6
1944: Jan. 15	124.1	136.1	134.5	†	109.5	128.1	118.3
Feb. 15	123.7	134.5	134.8	†	110.3	128.2	118.6

PERCENT OF CHANGE

Date—	All items	Food	Clothing	‡Rent	Fuel, electr. and ice	House furnishings	Miscellaneous
Jan. 15, 1944 to Feb. 15, 1944	— 0.3	— 1.2	+ 0.2	†	+ 0.7	+ 0.1	+ 0.3
Feb. 15, 1943 to Feb. 15, 1944	+ 2.2	+ 0.7	+ 6.8	+ 0.1	+ 2.9	+ 3.3	+ 4.4
Sep. 15, 1942 to Feb. 15, 1944	+ 5.0	+ 6.2	+ 7.2	+ 0.1	+ 3.9	+ 3.7	+ 6.5
May 15, 1942 to Feb. 15, 1944	— 6.6	+10.6	+ 6.8	+ 1.6	+ 5.1	+ 4.9	+ 6.9
Jan. 15, 1941 to Feb. 15, 1944	+22.7	+37.5	+33.9	+ 3.0	+ 9.4	+28.1	+16.4
Aug. 15, 1939 to Feb. 15, 1944	+25.5	+43.9	+34.4	+ 3.6	+13.1	+27.4	+18.1

*These indexes are based on changes in the cost of goods purchased by wage earners and lower-salaried workers in large cities.

†Rents surveyed at quarterly dates: March 15, June 15, Sept. 15, Dec. 15.

‡Changes through Dec. 15, 1943.

Non-Ferrous Metals — Copper Deliveries In March Heavy—Quicksilver Price Unsettled

"E. & M. J. Metal and Mineral Markets," in its issue of March 30, stated: "Consumption of major non-ferrous metals continued at a high rate during the last week. The first quarter ends with business in metals far more active than seemed possible at the beginning of the year. Brass makers absorbed a record tonnage of copper in March. Wire mills are asking for larger quantities of the metal for April. Excepting some price unsettlement in quicksilver, on rumors that scattered business has been closed at concessions, the price structure remains unchanged. Brass ingot makers look for favorable action by OPA in adjusting ceiling prices upward where costs have increased." The publication further went on to say in part:

Copper

Though copper deliveries are going forward at a record rate, the stockpile position has changed little since January. Heavy March deliveries have been offset by a reduction in shipments that occurred during the first two months of the year. A feature at present is the increased demand for copper from wire mills. War needs for certain forms of wire have been enlarged appreciably.

OPA is about to recognize higher costs entailed in producing some grades of brass and bronze ingots that normally lean heavily on cheaper secondary material. A revised price schedule is expected in a day or two covering the 80-10-10 and 85-5-5-5 classifications.

Statistics issued last week reveal that peak production of copper in Canada was 327,796 tons, in 1940. Output in 1943 was estimated at 289,490 tons. The decline in production resulted almost entirely from pushing nickel production at the expense of copper. The 1943 report of International Nickel states that the company's output of copper "has been subordinated to the war needs for expanded nickel production."

Lead

Buying of lead during the last week was on a larger scale than most sellers anticipated. Sales by domestic producers amounted to 5,545 tons, which compares with 5,587 tons in the preceding week. Consumers asked for additional tonnages of foreign lead for April shipment, and the quantity that is to be allotted next month has increased to about 16,000 tons, with a fair chance that it will be raised eventually to 18,000 tons.

Demand for May shipment lead has come into the market, but the tonnage sold so far amounts to only a little more than 10% of the month's requirements obtained from domestic sources.

Canada produced 222,178 tons of lead during 1943. Canadian exports included 154,347 tons of pig lead, 5,735 tons of ore, and 103 tons in white lead. Production of lead in Canada since 1940 has been well above the prewar average.

Domestic producers of electrolytic zinc were interested last week in following developments in connection with marketing some 4,500 tons of Australian metal that arrived at Boston recently. In the event that Metals Reserve decides to market all of this tonnage, regular sellers would be at a disadvantage because of higher rail freight charges and temporary inability to serve their regular customers in the New England territory. According to trade estimates, about 800 tons of this consignment have been disposed of and it is considered likely that the remainder will be stockpiled.

Though demand for zinc has shown improvement, domestic output remains in excess of requirements. In spite of increased competition for business, the price situation in zinc last week remained unchanged.

The war stimulated production of zinc in Canada, output, in terms of metal content, amounting to 304,284 tons in 1943, according to a preliminary estimate by the Dominion Bureau of Statistics released last week. This compares with 212,014 tons in 1940. During 1943, Canada exported 111,275 tons of zinc contained in ore and 129,315 tons as slab zinc. Figures showing the tonnage of zinc consumed in Canada were not released.

Tin

During 1943, Bolivia exported 88,567 metric tons of tin concentrates, containing the equivalent of 40,959 tons of tin. Slightly more than 50% of the tonnage was exported to England, the remainder moving to the United States. Inter-American policy has injected some uncertainity in the minds of Bolivians in regard to existing market arrangements. Hope of obtaining a higher price for tin concentrates appears to have vanished, and producers understand that the present buying policy of the Foreign Economic Administration could be suspended on short notice. Tin accounts for about 70% of the value of Bolivia's mineral exports.

The price of tin in the United States market was unchanged last week. Straits quality tin for shipment, in cents a pound, was as follows:

	March	April	May
March 23	52.000	52.000	52.000
March 24	52.000	52.000	52.000
March 25	52.000	52.000	52.000
March 27	52.000	52.000	52.000
March 28	52.000	52.000	52.000
March 29	52.000	52.000	52.000

Chinese, or 99% tin, continued at 51.125c. all week.

Quicksilver

The Dominion Bureau of statistics reports that prior to the war there was practically no production of quicksilver in Canada. Plant capacity at Pinchi Lake has been periodically increased, and output of the metal in 1943 was far in excess of Canadian requirements. Production in 1943 was 22,487 flasks, against 13,630 flasks in 1942, 7,056 flasks in 1941, and 2,024 flasks in 1940.

Producers and consumers of quicksilver in the United States are still marking time pending clarification of the supply-demand situation. Prices here continue at $130 to $135 per flask, though some operators believe the inside figure has been shaded.

Silver

The London market was unchanged at 23½d. The New York Official for foreign silver continued at 44¾c., with domestic silver at 70⅝c.

Daily Prices

The daily price of electrolytic copper (domestic and export refinery), lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" of July 31, 1942, page 380.

Delegates Named to London Educational Conference

A five-member American delegation to attend the Conference of Allied Ministers of Education in London was named on Mar. 25 by Cordell Hull, Secretary of State. The conference will consider restoration of intellectual and educational resources destroyed by the Axis, the State Department announcement said. This was indicated in Associated Press advices from Washington, published in the New York "Herald Tribune" of Mar. 26, from which we also quote:

Representative William Fulbright, Democrat, of Arkansas, will head the delegation. Representative Fulbright, a former Rhodes scholar, was president of the University of Arkansas before his election to Congress. Other members of the delegation are Archibald Macleish, Librarian of Congress; John W. Studebaker of Des Moines, Iowa., United States Commissioner of Education; Grayson N. Keefauver, dean of a school of education at Stanford University, and Ralph E. Turner, Assistant Chief of the State Department's Division of Science, Education and Art.

Representative Fulbright said the delegates will leave for London in an Army bomber next week. They will return to this country about May 10.

Daily Average Crude Oil Production For Week Ended March 25, 1944 Off Only 525 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended March 25, 1944, was 4,384,750 barrels, or 525 barrels less than in the preceding week. The current output, however, was 488,500 barrels per day in excess of that recorded for the corresponding period of last year, and was also 16,450 barrels per day more than the daily average figure recommended by the Petroleum Administration for War for the month of March, 1944. Daily production for the four weeks ended March 25, 1944, averaged 4,391,000 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,443,000 barrels of crude oil daily and produced 13,168,000 barrels of gasoline; 1,447,000 barrels of kerosene; 5,034,000 barrels of distillate fuel oil, and 9,013,000 barrels of residual fuel oil during the week ended March 25, 1944; and had in storage at the end of that week 87,287,000 barrels of gasoline, 6,562,000 barrels of kerosene, 31,312,000 barrels of distillate fuel and 51,576,000 barrels of residual fuel oil. The above figures apply to the country as a whole and do not reflect conditions on the East Coast.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations March	*State Allowables Begin. Mar. 1	Actual Production			
			Week Ended Mar. 25, 1944	Change from Previous Week	4 Weeks Ended Mar. 25, 1944	Week Ended Mar. 27, 1943
Oklahoma	328,000	327,000	†329,500	+ 100	328,700	345,650
Kansas	285,000	269,400	†274,100	—10,050	272,600	308,900
Nebraska	1,000	----	†1,350	----	1,300	2,150
Panhandle Texas			92,850	----	93,800	88,600
North Texas			142,600	----	142,300	137,000
West Texas			340,900	----	343,000	218,100
East Central Texas			116,600	----	116,600	99,800
East Texas			365,100	----	367,800	323,400
Southwest Texas			291,500	----	291,300	173,450
Coastal Texas			513,800	----	514,100	352,600
Total Texas	1,838,000	‡1,854,302	1,863,350	----	1,868,900	1,392,950
North Louisiana			76,150	— 50	76,400	89,250
Coastal Louisiana			283,950	----	283,900	250,600
Total Louisiana	347,700	372,700	360,100	— 50	360,200	339,850
Arkansas	76,700	78,591	79,650	— 50	79,500	70,850
Mississippi	46,000		41,500	+ 2,800	41,700	53,700
Alabama			50	+ 25	30	----
Florida			50	----	50	----
Illinois	215,000		216,450	+ 8,750	217,300	228,200
Indiana	13,600		13,600	+ 1,750	13,500	15,950
Eastern—(Not incl. Ill., Ind., Ky.)	72,200		69,000	— 3.150	71.000	76,150
Kentucky	24,000		22,400	+ 3,300	22,400	17,000
Michigan	52,000		50,950	— 2,800	52,700	56,400
Wyoming	93,000		91,350	— 3,150	92,900	91,400
Montana	24,000		20,800	----	20,800	17,800
Colorado	7,000		8,200	+ 300	8,000	6,700
New Mexico	111,700		112,850	----	112,900	92,400
Total East of Calif.	3,534,900		3,555,250	— 2,225	3,564,600	3,116,050
California	833,400	§833,400	829,500	+ 1,700	826,400	780,200
Total United States	4,368,300		4,384,750	— 525	4,391,000	3,896,250

*P.A.W. recommendations and state allowables, as shown above, represent the production of crude oil only, and do not include amounts of condensate and natural gas derivatives to be produced.

†Oklahoma, Kansas, Nebraska figures are for week ended 7:00 a.m. March 23, 1944.

‡This is the net basic allowable as of March 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 3 to 20 days, the entire state was ordered shut down for 8 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 8 days shutdown time during the calendar month. §Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED MARCH 25, 1944

(Figures in Thousands of barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are ——therefore on a Bureau of Mines basis——

District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuel Oil	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast Texas Gulf, Louisiana Gulf, North Louisiana-Arkansas, and inland Texas	2,518	90.3	2,274	90.3	6,468	38,074	14,151	15,954
Appalachian—								
District No. 1	130	83.9	102	78.5	287	2,022	1,046	221
District No. 2	47	87.2	48	102.1	126	1,068	348	125
Ind., Ill., Ky.	824	85.2	763	92.6	2,576	20,258	5,402	2,825
Okla., Kans., Mo.	416	80.1	393	87.3	1,284	8,333	1,548	1,211
Rocky Mountain—								
District No. 3	8	26.9	10	125.0	29	75	20	29
District No. 4	141	58.3	104	73.8	311	2,135	363	527
California	817	89.9	779	95.3	2,087	15,322	8,434	30,684
Total U. S. B. of M. basis March 25, 1944	4,901	87.3	4,443	90.7	13,168	†87,287	31,312	51,576
Total U. S. B. of M. basis March 18, 1944	4,831	87.1	4,437	91.8	13,393	¶86,185	31,808	51,010
U. S. Bur. of Mines basis March 27, 1943			3,721		10,198	94,511	31,675	68,039

*At the request of the Petroleum Administration for War. †Finished, 76,094,000 barrels; unfinished, 11,193,000 barrels. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,447,000 barrels of kerosene, 5,034,000 barrels of gas oil and distillate fuel oil and 9,013,000 barrels of residual fuel oil produced during the week ended March 25, 1944, which compares with 1,603,000 barrels, 4,596,000 barrels and 9,293,000 barrels, respectively, in the preceding week and 1,428,000 barrels, 3,675,000 barrels and 7,857,000 barrels, respectively, in the week ended March 27, 1943. ¶Finishd, 75,062,000 barrels; unfinished, 11,123,000 barrels; as revised.

Note—Stocks of kerosene at March 25, 1944 amounted to 6,562,000 barrels, as against 6,861,000 barrels a week earlier and 5,041,000 barrels a year before.

Trading On New York Exchanges

The Securities and Exchange Commission made public on Mar. 18 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Mar. 4, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Mar. 11 (in round-lot transactions) totaled 2,154,474 shares, which amount was 15.72% of the total transactions on the Exchange of 6,852,930 shares. This compares with member trading during the week ended Mar. 4 of 1,400,607 shares, or 16.35% of the total trading of 4,285,150 shares. On the New York Curb Exchange, member trading during the week ended Mar. 11 amounted to 457,405 shares, or 13.57% of the total volume on that exchange of 1,685,265 shares; during the Feb. 26 week trading for the account of Curb members of 473,860 shares was 14.35% of total trading of 1,651,070 shares.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED MARCH 11, 1944

	Total for Week	†%
A. Total Round-Lot Sales:		
Short sales	163,930	
‡Other sales	6,689,000	
Total sales	6,852,930	
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	547,570	
Short sales	70,240	
‡Other sales	471,700	
Total sales	541,940	7.95
2. Other transactions initiated on the floor—		
Total purchases	360,120	
Short sales	20,210	
‡Other sales	307,910	
Total sales	328,120	5.02
3. Other transactions initiated off the floor—		
Total purchases	156,884	
Short sales	20,150	
‡Other sales	199,690	
Total sales	219,840	2.75
4. Total—		
Total purchases	1,064,574	
Short sales	110,600	
‡Other sales	979,300	
Total sales	1,089,900	15.72

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED MARCH 11, 1944

	Total for Week	†%
A. Total Round-Lot Sales:		
Short sales	10,355	
‡Other sales	1,674,910	
Total sales	1,685,265	
B. Round-Lot Transactions for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	103,055	
Short sales	3,380	
‡Other sales	103,405	
Total sales	106,785	6.23
2. Other transactions initiated on the floor—		
Total purchases	77,730	
Short sales	4,600	
‡Other sales	70,100	
Total sales	74,700	4.52
3. Other transactions initiated off the floor—		
Total purchases	38,795	
Short sales	300	
‡Other sales	56,040	
Total sales	56,340	2.82
4. Total—		
Total purchases	219,580	
Short sales	8,280	
‡Other sales	229,545	
Total sales	237,825	13.57
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales	50	
§Customers' other sales	58,408	
Total purchases	58,458	
Total sales	40,024	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission's rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Allied Attack On Cassino Subsides Without Achieving Results, Says Stimson

The statement that the Allied attack on the Italian fortress town of Cassino "has subsided for the time being without achieving the results for which we had hoped" was made at a press conference by Secretary of War Stimson on March 30 in discussing the Italian situation. "The simple fact," he was quoted as saying, "is that the Germans stopped us."

Regarding the status of the conflict at Cassino, United Press advices from Naples March 21 said:

"Stubbornly fighting Germans, infiltrating the ruins of Cassino by subterranean passages and secret gullies, have recaptured one-fourth of the town after winning possession of six strong points, front dispatches disclosed tonight.

"The Germans now hold a belt of territory along the western side of the town running from the southern extremities of Cassino past Highway 6 into the northern section.

"The German's northern toe-hold in the ruins of the town is anchored within 250 yards of the most advanced point reached by the Allies before the deluge of bombs that preceded the present battle, James E. Roper, United Press correspondent with the Fifth Army forces fighting for the town, reported."

Secretary Stimson's comments, as contained in Associated Press accounts from Washington, as given in the New York "Sun" of March 30 follow:

The Germans, Mr. Stimson said, showed again "that they are obstinate and effective soldiers who do not quit when they are ordered to hold a key post at all cost."

"The bomb and shell destruction which our planes and guns wrought in Cassino did not prevent a garrison defense by those who survived our explosives and by other enemy troops who filtered in to join them," he said.

"The rubble was good cover and the tunnels or caves in the adjoining hills gave shelter and ease of movement. The rains immediately after the plane and gun barrage made a morass of the open ground around the town and limited the use of our tanks, while slowing the advance of troops climbing the hills under fire."

Mr. Stimson followed up his blunt acknowledgment that the Germans stopped the Allies at Cassino with this statement:

"That would be a severe setback only if we did not profit from our lessons. We have learned a great many things since the war and we have put our learning into practice. There is no reason to believe that our ability to profit from experience has ended now."

The Secretary also reminded the reporters, "No one made this a test of Allied power or suggested that in these operations we are concentrating our main strength."

He recalled that at the start of the Cassino attack he had said "very real military objectives have already been achieved in the Italian campaign and the results will progressively aid us in the days ahead." He listed the reopening of the Mediterranean, the knocking out of Italy as an Axis partner, the capture of the Italian fleet, the attainment of Italian air bases and the tying up of 19 German divisions in actual combat and others in northern Italy which could have been used against Russia or for augmenting German defenses elsewhere.

"I say this," Mr. Stimson said, "not to minimize the obvious facts of the Cassino action but to keep that action in a proper perspective. Despite Cassino, the final chapter of the story has not yet unfolded."

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on March 25 a summary for the week ended March 18 of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended March 18, 1944

	Total for Week
Odd-Lot Sales by Dealers (Customers' purchases)	
Number of orders	24,280
Number of shares	704,379
Dollar value	$26,321,535
Odd-Lot Purchases by Dealers—(Customers' sales)	
Number of Orders:	
Customers' short sales	262
*Customers' other sales	26,430
Customers' total sales	26,692
Number of Shares:	
Customers' short sales	8,728
*Customers' other sales	712,799
Customers' total sales	721,527
Dollar value	$22,938,345
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	140
†Other sales	199,400
Total sales	199,540
Round-Lot Purchases by Dealers:	
Number of shares	189,190

*Sales marked "short exempt" are reported with "other sales."

†Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Revenue Freight Car Loadings During Week Ended March 25, 1944 Declined 7,517 Cars

Loading of revenue freight for the week ended March 25, 1944, totaled 778,925 cars, the Association of American Railroads announced on March 30. This was a decrease below the corresponding week of 1943 of 8,415 cars, or 1.1%, and a decrease below the same week in 1942 of 29,361 cars or 3.6%.

Loading of revenue freight for the week ended of March 25 decreased 7,517 cars, or 1% below the preceding week.

Miscellaneous freight loading totaled 372,746 cars, a decrease of 4,315 cars below the preceding week, and a decrease of 1,063 cars below the corresponding week in 1943.

Loading of merchandise less than carload freight totaled 106,716 cars an increase of 606 cars above the preceding week, and an increase of 6,764 cars above the corresponding week in 1943.

Coal loading amounted to 169,361 cars, an increase of 19 cars above the preceding week, but a decrease of 10,341 cars below the corresponding week in 1943.

Grain and grain products loading totaled 43,261 cars, a decrease of 1,697 cars below the preceding week and a decrease of 1,718 cars below the corresponding week in 1943. In the Western Districts alone, grain and grain products loading for the week of March 25 totaled 28,865 cars, a decrease of 1,205 cars below the preceding week and a decrease of 2,420 cars below the corresponding week in 1943.

Live stock loading amounted to 14,491 cars, a decrease of 96 cars below the preceding week, but an increase of 751 cars above the corresponding week in 1943. In the Western Districts alone loading of live stock for the week of March 25, totaled 10,587 cars, a decrease of 142 cars below the preceding week, but an increase of 178 cars above the corresponding week in 1943.

Forest products loading totaled 43,592 cars, a decrease of 1,959 cars below the preceding week but an increase of 1,905 cars above the corresponding week in 1943.

Ore loading amounted to 14,492 cars, an increase of 799 cars above the preceding week but a decrease of 3,787 cars below the corresponding week in 1943.

Coke loading amounted to 14,266 cars, a decrease of 874 cars below the preceding week, and a decrease of 926 cars below the corresponding week in 1943.

All districts reported increases compared with the corresponding week in 1943 except the Eastern, Allegheny and Pocahontas. All districts reported decreases compared with 1942 except the Centralwestern and Northwestern.

	1944	1943	1942
5 Weeks of January	3,796,477	3,531,811	3,858,479
4 weeks of February	3,159,492	3,055,725	3,122,942
Week of March 4	788,255	748,926	770,485
Week of March 11	781.533	769,045	799,356
Week of March 18	786,442	768,134	796,654
Week of March 25	778,925	787,340	808,286
Total	10,091,124	9,660,981	10,156,202

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended March 25, 1944. During the period 58 roads showed increases when compared with the corresponding week a year ago.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS) WEEK ENDED MARCH 25

Railroads	Total Revenue Freight Loaded 1944	1943	1942	Total Loads Received from Connections 1944	1943
Eastern District—					
Ann Arbor	242	260	557	1,510	1,524
Bangor & Aroostook	2,721	2,633	2,343	210	269
Boston & Maine	6,966	6,273	7,825	16,798	16,588
Chicago, Indianapolis & Louisville	1,423	1,514	1,470	2,076	2,232
Central Indiana	37	31	29	37	46
Central Vermont	1,079	1,402	1,233	2,801	2,700
Delaware & Hudson	5,900	6,331	6,487	13,291	12,800
Delaware, Lackawanna & Western	7,474	7,568	8,161	11,418	10,449
Detroit & Mackinac	248	230	261	100	115
Detroit, Toledo & Ironton	2,043	1,890	2,172	1,432	1,659
Detroit & Toledo Shore Line	332	347	376	3,210	3,820
Erie	13,204	13,181	14,252	18,755	20,960
Grand Trunk Western	3,885	3,495	4,541	9,456	8,466
Lehigh & Hudson River	164	159	211	3,522	3,888
Lehigh & New England	1,864	2,140	1,425	1,519	1,762
Lehigh Valley	8,475	7,068	9,177	16,907	14,291
Maine Central	2,420	2,506	2,934	4,699	4,199
Monongahela	6,351	7,052	6,986	432	372
Montour	2,503	2,620	2,453	18	23
New York Central Lines	47,315	51,932	46,457	56,368	54,797
N. Y., N. H. & Hartford	10,281	10,460	12,430	20,472	21,579
New York, Ontario & Western	1,235	986	1,183	3,305	2,430
New York, Chicago & St. Louis	6,387	6,659	7,418	17,247	16,559
N. Y., Susquehanna & Western	518	371	518	2,968	2,640
Pittsburgh & Lake Erie	7,875	8,188	8,533	8,335	9,121
Pere Marquette	4,826	4,681	5,184	8,443	7,622
Pittsburg & Shawmut	818	832	571	20	28
Pittsburg, Shawmut & North	319	340	475	281	294
Pittsburgh & West Virginia	957	709	993	2,871	3,962
Rutland	378	355	522	1,366	1,038
Wabash	5,795	5,660	5,688	12,076	12,978
Wheeling & Lake Erie	4,935	5,004	4,912	4,485	6,212
Total	158,970	162,877	167,777	246,428	245,423
Allegheny District—					
Akron, Canton & Youngstown	688	773	645	1,361	1,322
Baltimore & Ohio	40,557	41,572	41,273	29,175	28,904
Bessemer & Lake Erie	2,882	3,268	3,037	1,596	1,672
Buffalo Creek & Gauley	343	331	313	7	3
Cambria & Indiana	1,542	1,879	1,994	13	10
Central R. R. of New Jersey	6,464	7,209	8,334	22,070	21,276
Cornwall	596	590	489	66	71
Cumberland & Pennsylvania	211	302	327	10	12
Ligonier Valley	119	137	149	42	41
Long Island	1,237	1,030	931	3,815	4,225
Penn-Reading Seashore Lines	1,662	1,667	1,803	2,590	3,126
Pennsylvania System	76,961	78,754	81,588	66,540	63,900
Reading Co.	14,405	15,327	15,714	30,408	30,911
Union (Pittsburgh)	19,621	21,578	21,509	4,034	4,847
Western Maryland	4,022	4,259	4,179	13,671	15,411
Total	171,310	178,736	182,285	175,398	175,731
Pocahontas District—					
Chesapeake & Ohio	28,605	29,809	28,476	13,180	12,908
Norfolk & Western	21,789	22,721	23,139	7,929	7,394
Virginian	4,480	4,904	4,491	2,274	2,287
Total	54,874	57,434	56,106	23,383	22,589
Southern District—					
Alabama, Tennessee & Northern	331	298	357	444	373
Atl. & W. P.—W. R. R. of Ala	778	752	943	2,467	2,771
Atlanta, Birmingham & Coast	664	680	581	1,525	1,716
Atlantic Coast Line	13,523	15,401	13,440	11,278	11,570
Central of Georgia	3,731	3,883	4,338	5,010	5,006
Charleston & Western Carolina	362	376	389	1,985	1,817
Clinchfield	1,558	1,648	1,762	3,463	3,320
Columbus & Greenville	215	327	307	228	281
Durham & Southern	112	118	187	724	427
Florida East Coast	4,213	2,650	2,703	2,230	1,649
Gainesville Midland	33	38	44	123	146
Georgia	1,229	1,349	1,369	2,697	2,820
Georgia & Florida	340	370	394	777	940
Gulf, Mobile & Ohio	3,975	3,471	4,298	4,450	5,591
Illinois Central System	27,143	26,268	27,758	17,389	17,679
Louisville & Nashville	24,149	25,231	24,847	12,165	11,315
Macon, Dublin & Savannah	124	155	200	1,077	1,029
Mississippi Central	259	220	147	845	544
Nashville, Chattanooga & St. L.	3,297	3,135	3,411	4,754	5,048
Norfolk Southern	966	1,223	1,276	1,796	1,523
Piedmont Northern	376	335	464	1,474	1,357
Richmond, Fred. & Potomac	341	354	499	11,755	11,765
Seaboard Air Line	10,340	10,325	10,924	9,781	9,578
Southern System	23,040	22,059	24,500	25,649	23,610
Tennessee Central	810	612	732	793	858
Winston-Salem Southbound	145	108	125	1,074	1,152
Total	122,051	121,386	125,995	125,959	123,891
Northwestern District—					
Chicago & North Western	15,006	14,338	18,439	14,749	13,285
Chicago Great Western	2,642	2,373	2,616	3,356	3,323
Chicago, Milw., St. P. & Pac.	20,132	19,782	20,007	10,963	11,196
Chicago, St. Paul, Minn. & Omaha	3,151	3,146	3,350	4,501	4,423
Duluth, Missabe & Iron Range	1,213	1,153	8,758	260	264
Duluth, South Shore & Atlantic	763	804	705	541	737
Elgin, Joliet & Eastern	8,554	9,182	9,814	12,251	11,775
Ft. Dodge, Des Moines & South	375	378	443	121	110
Great Northern	12,466	11,574	14,211	5,431	5,495
Green Bay & Western	519	435	466	937	919
Lake Superior & Ishpeming	323	193	2,178	73	58
Minneapolis & St. Louis	2,062	1,936	1,769	2,595	2,628
Minn., St. Paul & S. S. M.	5,099	4,427	5,388	3,986	3,089
Northern Pacific	10,063	9,350	9,252	5,693	5,209
Spokane International	101	71	171	583	668
Spokane, Portland & Seattle	2,532	2,062	2,601	4,123	3,020
Total	85,001	81,209	100,168	70,163	66,199
Central Western District—					
Atch., Top. & Santa Fe System	21,580	21,291	21,639	12,382	12,438
Alton	2,831	2,988	3,501	4,462	4,299
Bingham & Garfield	459	683	577	83	100
Chicago, Burlington & Quincy	18,354	19,042	15,171	12,787	12,949
Chicago & Illinois Midland	3,064	3,206	2,831	928	851
Chicago, Rock Island & Pacific	10,695	12,243	11,206	13,371	13,866
Chicago & Eastern Illinois	2,687	2,377	2,450	6,242	5,408
Colorado & Southern	647	770	907	2,386	2,153
Denver & Rio Grande Western	3,255	3,365	2,530	5,935	6,048
Denver & Salt Lake	672	749	349	20	14
Fort Worth & Denver City	836	1,100	958	1,667	1,982
Illinois Terminal	2,119	1,968	2,218	2,171	1,687
Missouri-Illinois	958	960	1,261	578	500
Nevada Northern	1,860	2,108	2,003	116	109
North Western Pacific	757	992	1,117	726	705
Peoria & Pekin Union	9	25	22	0	0
Southern Pacific (Pacific)	29,362	27,270	27,035	14,637	13,319
Toledo, Peoria & Western	381	210	252	2,075	1,899
Union Pacific System	14,596	13,898	14,815	16,266	14,711
Utah	589	595	542	6	3
Western Pacific	2,250	1,850	1,662	4,055	3,624
Total	117,961	117,690	113,106	100,893	96,665
Southwestern District—					
Burlington-Rock Island	481	877	611	229	214
Gulf Coast Lines	7,445	5,097	4,580	2,336	2,341
International-Great Northern	1,844	2,095	2,119	4,059	3,786
Kansas, Oklahoma & Gulf	295	216	321	1,101	323
Kansas City Southern	5,511	4,472	4,306	2,921	2,961
Louisiana & Arkansas	2,860	2,935	3,106	2,235	2,260
Litchfield & Madison	313	310	391	1,219	1,146
Midland Valley	607	673	424	457	244
Missouri & Arkansas	188	115	268	527	554
Missouri-Kansas-Texas Lines	5,135	5,837	5,209	4,767	6,416
Missouri Pacific	15,604	16,623	15,633	20,000	16,717
Quanah Acme & Pacific	95	88	144	264	327
St. Louis-San Francisco	7,515	8,855	8,138	8,804	8,876
St. Louis Southwestern	3,049	2,939	3,440	7,234	5,405
Texas & New Orleans	12,227	12,803	9,649	5,701	5,886
Texas & Pacific	5,483	3,939	4,367	7,760	7,015
Weatherford M. W. & N. W.	81	108	130	49	30
Wichita Falls & Southern	25	26	13	30	20
Total	68,758	68,008	62,849	69,693	64,521

Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1944—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Cumulative
Jan. 1	121,212	92,328	589,815	63	93
Jan. 8	160,567	138,381	612,043	86	86
Jan. 15	153,097	146,596	614,215	93	90
Jan. 22	131,940	140,457	602,930	93	91
Jan. 29	145,735	147,423	597,011	95	92
Feb. 5	185,069	151,102	628,048	97	93
Feb. 12	154,797	151,870	630,449	97	94
Feb. 19	130,252	148,533	609,429	96	94
Feb. 26	151,980	139,044	621,875	93	94
March 4	178,375	146,926	650,606	95	94
March 11	152,627	144,761	655,682	95	94
March 18	136,105	150,940	639,537	95	94
March 25	125,806	147,604	613,978	97	94

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

Canada's Mutual Aid Agreement Described

Canada's mutual-aid agreements with Great Britain, the Soviet Union and Australia were tabled in the House of Commons on March 16 by Prime Minter W. L. Mackenzie King, it was reported by P. J. Philip in special advices from Ottawa to the New York "Times," which stated that Mr. King, in explaining them, said that their purpose was to assure the defense and security of Canada by making the utmost contribution to the victory of the United Nations, and to institute a procedure that would leave no indeterminate obligation at the end of the war that would have to be settled by subsequent negotiations.

It was pointed out in the advices that according to The Canadian Press, Mr. King explained that the agreements were being published simultaneously in the three other countries affected.

From the advices to the "Times" we also quote:

"The provision of materials to the common cause, the Prime Minister said, is no less a duty than the provision of fighting men. The mutual-aid agreements also will prevent the accumulation of large debts that are contrary to the public interest.

"In most respects, the agreements that Canada has made are parallel to the lend-lease agreement of the United States. They are designed, the Premier said, to make clear that the recipient Govments accept their purpose and will cooperate in their fulfillment. One article in each agreement contains a mutual undetaking to pursue international economic policies designed to implement the economic objectives defined in the Atlantic Charter. This article reads:

"The Governments reaffirm their desire to promote mutual advantageous economic relations between their countries and throughout the world. They declare that their guiding purposes include the adoption of measures designed to promote employment, the production and consumption of goods and the expansion of commerce through appropriate international agreements on commercial policy."

"These policies," Mr. King said, "will make it possible for mutual aid to prove its post-war value in enabling trade to thrive without barriers which huge war debts would have imposed."

Provision is made for the transfer to the use of the Canadian troops of specified types of supplies at the end of hostilities, if they should be needed, and for the return of serviceable aircraft and automotive equipment if required for use at home.

Lumber Movement—Week Ended March 25, 1944

According to the National Lumber Manufacturers Association, lumber shipments of 510 mills reporting to the National Lumber Trade Barometer were 2.6% above production for the week ended March 25, 1944. In the same week new orders of these mills were 21.1% greater than production. Unfilled order files of the reporting mills amounted to 119% of stocks. For reporting softwood mills, unfilled orders are equivalent to 42 days' production at the current rate, and gross stocks are equivalent to 33 days' production.

For the year to date, shipments of reporting identical mills exceeded production by 8.1%; orders by 16.1%.

Compared to the average corresponding week of 1935-39, production of reporting mills was 35.0% greater; shipments were 26.1% greater; and orders were 49.4% greater.

Items About Banks, Trust Companies

(Continued from page 1432)

against $95,070,699 and $69,855,600. Capital and surplus were unchanged at $10,000,000 each, and undivided profits were $5,830,103, unchanged from December 31, 1943.

At a meeting of the executive committee of the board of directors of City Bank Farmers Trust Co. of New York, held on March 29, Marc A. Rieffel was appointed Assistant Trust Officer.

The statement of condition of Manufacturers Trust Co. of New York City as of March 31, 1944, shows deposits of $1,562,527,324 and resources of 1,665,581,402, which compare with $1,580,909,261 and $1,682,356,909 shown on Dec. 31, 1943. On March 31, 1943, the respective figures were $1,344,604,197 and $1,443,510,338. Cash and due from banks is listed at $372,935,412 as against $401,956,453 shown on Dec. 31 and $375,714,378 shown a year ago. United States Government securities stand at $864,450,080; three months ago it was $887,436,948, and one year ago it was $676,984,890. Loans, bills purchased and bankers' acceptances is now $335,440,682, which compares with $298,950,311 on Dec. 31 and $279,375,385 on March 31, last year.

Preferred stock is shown as $8,009,920, common as $32,998,440, and surplus and undivided profits as $48,703,590. As a result of the redemption of 14,886 shares of its preferred stock on March 24, as required under its preferred stock indenture, capital account was reduced by $297,720, representing the aggregate par value for such shares, and undivided profits account was reduced by approximately $452,280, representing the amount in excess of the par value of the shares redeemed at $50 per share, plus the accumulated dividend of 38 cents per share. Net operating earnings for the three months ending March 31, 1944, after amortization, taxes, etc., as well as dividends on preferred stock, was $1,636,383, or 99 cents a share, which compares with 92 cents a share for the three months ending March 31, 1943. Of this amount, $824,959 was paid in dividends on the common stock, and $811,424 was credited to undivided profits.

Manufacturers Trust Co., New York (depository and financial agent United States Government), opened on April 3 its new banking office located near the Washington Street Gate in the Brooklyn Navy Yard. The building was formally turned over to the bank by Rear Admiral Monroe Kelly, Commandant of the Yard, and was received in behalf of the bank by Henry C. Von Elm, Vice-Chairman of the bank's board of directors. The statement was made by Rear Admiral Kelly that "we welcome Manufacturers Trust Co. (depository and financial agent United States Government) to this new building, which will enable the bank to expand its facilities for Navy Yard workers. Today every man and woman needs banking accommodations, and this bank, by bringing its many services right to our own doorstep, so to speak, is contributing to the efficiency of the Yard and adding to the contentment of its workers. All in all, it is a worthy contribution to the war effort."

In accepting the building on behalf of the bank, Mr. Von Elm said, in part: "When the Treasury Department invited us, some months ago, to establish banking offices in the Brooklyn Navy Yard we eagerly welcomed the opportunity to extend our services to the many thousands of workers in this great shipbuilding yard, which is playing such an important role in the war effort, and doing such a magnificent job. I am very happy to take over this building on behalf of Manufacturers Trust Co. as depository and financial agent United States Government, not only because of the opportunity it gives us to serve so many thousands of people but, even more important, because it constitutes one more way in which banking can cooperate with and contribute to the war effort."

The Chemical Bank & Trust Co. of New York reported as of March 31, 1944, deposits of $1,206,319,742 and total assets of $1,302,762,968, compared, respectively, with $1,153,998,166 and $1,249,514,079 on Dec. 31, 1943. Cash on hand and due from banks amounted to $259,657,970, compared with $239,375,105; holdings of United States Government securities to $674,093,586 against $657,728,403; bankers' acceptances and call loans, now at $74,833,136, compare with $63,769,792, and loans and discounts to $145,786,905 contrast with $139,435,524. Capital and surplus were unchanged at $20,000,000 and $55,000,000, respectively, and undivided profits were $7,994,374 against $7,469,562 at the end of December. The indicated net earnings on the bank's 2,000,000 shares (par $10) amount to 71 cents per share for the first quarter of 1944 as compared with 62 cents per share a year ago.

Bank of the Manhattan Co. of New York reported as of March 31, 1944, total deposits of $949,585,763 and total assets of $1,009,376,653, compared, respectively, with $974,325,121 and $1,034,108,576 as of Dec. 31, 1943. Cash on hand and due from banks at the latest date amounted to $226,338,599 against $266,327,302; holdings of United States Government obligations are $457,026,593 against $433,851,333. Loans and discounts decreased to $276,014,508 from $281,487,017. Capital and surplus remained at $20,000,000, respectively. Undivided profits after reserve of $400,000 for quarterly dividend increased to $10,524,519 from $10,071,867 at the end of December, 1943.

The statement of condition of Corn Exchange Bank Trust Co. of New York as of the close of business March 31, 1944, shows total assets of $642,414,886 as compared with $550,333,612 on March 31, 1943. The bank reports deposit and other liabilities of $605,149,025 and capital, surplus and undivided profits of $37,265,860, compared with deposit and other liabilities of $514,044,920, and capital surplus and undivided profits of $36,288,692 on March 31, 1943. Cash in vaults and due from banks amounted to $152,976,326 on March 31, 1944, as compared with $141,522,675 on March 31, 1943. Holdings of U. S. Government securities increased to $420,018,791 compared with $332,581,628; holdings of other securities are reported as $16,751,937 as against $17,824,856, while loans and discounts total $30,862,851 as compared with $30,467,331 for March 31, 1943.

The election of Einar Hammer as a Vice-President of The Continental Bank & Trust Co. of New York, following his resignation as President of L. W. Minford & Co., sugar brokers and exporters, was announced on April 3 by Frederick E. Hasler, Chairman of the board of directors of the bank. He will specialize in the development of the bank's Latin American business. Mr. Hammer was with the Continental Bank for a number of years previous to 1939, when he resigned as Assistant Treasurer to enter the sugar business. Born in Norway, he has wide experience in the export-import field and is an authority on Latin American trade and finance. He lived in Argentina and Paraguay six years. Coming to New York in 1919, he entered the employ of the Battery Park National Bank and later went with International Trust Co., which was absorbed by the Continental Bank in 1931. In helping to build up the Latin American department of the latter institution, Mr. Hammer traveled extensively in Central and South American countries.

The Continental Bank & Trust Co. of New York reported as of March 31, 1944, total deposits of $136,633,212 and total assets of $147,062,120, compared, respectively, with $119,437,879 and $129,620,215 on Dec. 31, 1943. Cash on hand and due from banks amounted to $31,309,996 against $27,185,906; holdings of U. S. Government obligations to $64,504,868 against $56,140,330, and loans and discounts to $41,654,447 against $36,868,543. Capital and surplus were unchanged at $4,000,000 each. Undivided profits amounted to $1,388,625 against $1,306,422 at the end of December.

The statement of condition of Sterling National Bank & Trust Co. of New York at March 31, 1944, shows an all-time high in resources and deposits of $90,097,399 and $83,991,611, as compared with $88,105,258 and $82,151,686, respectively, as of Dec. 31, 1943. Of the March total deposits of $83,991,611, U. S. Government deposits increased to $10,094,472, as compared with $8,109,326 on Dec. 31, last; commercial and other deposits amounted to $73,897,139, as compared with $74,042,359. Capital, surplus and undivided profits totaled $4,773,885 as against $4,758,151 on Dec. 31, 1943. Cash and due from banks amounted to $21,583.667 on March 31, 1944, against $21,835,137 on Dec. 31, 1943; U. S. Government securities totaled $39.918,299 as compared with $42,758,908; State, municipal and corporate securities amounted to $1.547,625, compared with $1,461,082; loans and discounts increased to $26,004,733 from $21,064,675. Stock in Federal Reserve Bank remained the same, namely $135,000. Reserves increased to $617.471 as compared with $482,937 on Dec. 31, 1943.

J. Henry Schroder Banking Corp. of New York reports total resources of $48,932,350 on March 31, 1944, against $46,592,589 on Dec. 31, 1943. Cash on hand and due from banks was $5,322,214 against $5,462,586. U. S. Government securities were $28,336,914 against $26,318,532; customers' liability on acceptances, $5.357,622, compared with $4,965,764 in December. Surplus and undivided profits were $2,637,326 against $2,631,860 in the previous quarter; amount due to customers was $33,321,785 against $31,752,509. Acceptances outstanding were $6,480,022 against $5,764,786.

Schroder Trust Co. reported March 31 resources of $34.290,256, compared with $32,233,964 on Dec. 31; cash and due from banks, $4,909,684 against $4.465.038; U. S. Government securities, $25,066,880 against $23.111.029; loans and discounts, $3,560.867 against $3,878.728. Surplus and undivided profits were $2,041,476 against $2.036.429. Deposits were $30,394,477 against $28,370,414.

The statement of condition of the Grace National Bank of New York as of March 31, 1944, shows deposits of $68.741.266 as compared with $71,556.839 on Dec. 31, 1943, and $59,365,046 a year ago. Surplus and undivided profits amounted to $2.847.043 as compared with $2.759.292 on Dec. 31, 1943, and $2.521,649 a year ago. Cash in vault and with banks totaled $15.058.928 as compared with $18.211.317 on Dec. 31, 1943 and $15,688.500 a year ago. U. S. Government securities were $37,317,504 as compared with $37,829,169 on Dec. 31, 1943, and $31,367,120 a year ago. Loans and discounts were $17,952,765 as compared with $17,301,379 on Dec. 31, 1943, and $11,500,452 a year ago.

The Federation Bank & Trust Co. of New York reported as of March 31, 1944, deposits of $22,689,039 and total resources of $25,506,832 against $23,712,154 and $26,672,024, respectively, as of Dec. 31, 1943. Cash on hand and due from banks amounted to $2,502,880 on March 31 against $4,612,316. Holdings of U. S. Government securities totaled $13,659,915 against $12,807,297. Loans and discounts are now $7,978,143 against $6,610,083. Capital and surplus are unchanged at $825,000 and $1,175,000, respectively, and undivided profits are $340,195 against $320,006.

Harry B. Watt, formerly a Vice-President of Bankers Trust Co. of New York until his retirement in 1942, died March 30 at his home in Brooklyn, after a brief illness. His age was 62. Mr. Watt joined Bankers Trust Co. in 1909 and specialized in stock transfer and stock registration work, in which field he became widely recognized. He was appointed Assistant Secretary of the bank in August, 1916, becoming successively Secretary in 1926, Vice-President and Secretary in 1931, and Vice-President in January, 1942, in December of which year he retired from active work in the bank. Mr. Watt was Secretary of the New York Stock Transfer Association for a number of years.

Robert M. Catherine, President of the Dollar Savings Bank of the City of New York, has announced that Joseph M. Sack Jr. has been appointed Assistant Secretary of the bank.

The statement of condition of the Brooklyn Trust Co. as of March 31, 1944, shows total deposits of $193,401,258, comparing with $194,151,642 on Dec. 31, 1943. Total resources were $209,393,083 against $210,007,804. Cash on hand and due from banks was $38,072,764 against $45,374,500 at the year-end, while holdings of U. S. Government securities were $127,229,752 against $120,377,755. Total loans and discounts were $30,231,325 against $31,360,256. Undivided profits of $1,454,784 were shown, comparing with $1,452,590 on Dec. 31, last. Capital and surplus were unchanged.

A. E. Braun, President of the Farmers Deposit National Bank of Pittsburgh, recently announced the election of Albert B. Craig, Vice-President and general manager of the Chartiers Oil Co., as a director of the bank to succeed his father, the late George L. Craig, according to the Pittsburgh "Post Gazette."

At a meeting of the directors of the Provident Savings Bank & Trust Co. of Cincinnati on March 28, two new directors were elected, viz.: Harry J. Gilligan and Harry J. Finke, Jr., Cincinnati business executives. Mr. Gilligan, who is head of John J. Gilligan & Son, funeral directors, is also a director of the Kroger Grocery & Baking Co. and the Dow Drug Co., according to the Cincinnati "Enquirer," which also stated:

"His father, the late J. J. Gilligan, was a director of the bank for many years. Mr. Finke is President of Finke & Schwier and is a member of the Executive Committee of the Churngold Corp."

The English State Bank of English, Ind., became a member of the Federal Reserve Bank on March 23. The Federal Reserve Bank of St. Louis, in announcing this, said:

"The new member was chartered in 1925. It has a capital of $25,000, surplus of $11,500, and total resources of $1,099,254. Its officers are: L. L. Land, President; C. E. Allstott, Vice-President; I. A. Fahr, Cashier, and James E. Sturgeon, Assistant Cashier.

"The addition of the English State Bank brings the total membership of the Federal Reserve Bank of St. Louis to 460. These member banks hold over 70% of the net deposits of all banking institutions in the Eighth District."

Neil M. Buchen, for 15 years attached to the staff of the Chief National Bank Examiner of the Seventh (Chicago) Federal Reserve District, has been elected Cashier of the Industrial National Bank of Chicago. Mr. Buchen succeeds Robert N. Vieracker, who has been named Auditor of the bank. Mr. Buchen assumed his new post on April 3.

The board of directors of Republic National Bank of Dallas announce the election of Benjamin H. Wooten to the office of Vice-President. The election was effective April 1.

An increase in the capital stock of the Seattle-First National Bank of Seattle, Wash., from $8,000,000 to $10,000,000, with a substantial increase in the bank's surplus account, was announced by Lawrence M. Arnold, Chairman; J. A. Swalwell, President, and Joel E. Ferris, Executive Vice-President, following a directors' meeting held on March 28. It was stated that:

"This substantial increase in capital and surplus places the Seattle-First National Bank in a position of greater strength and leadership in the entire Western area, will enable it to serve even better its many customers and borrowers, and is in keeping with the sound and conservative policy that characterizes the operation of the bank."

The directors and officers feel that the plan to increase the capital structure is appropriate in view of the large increase in its deposits and volume of business. The deposits of the Seattle-First National Bank now exceed $500,000,000, making it, it is claimed, the 26th largest bank in size in the United States and the fourth largest bank west of Chicago. The stockholders of the bank will be asked to approve the action of the directors and it is contemplated that the transaction will be completed by July 1.

In its statement regarding the increase the bank said:

"No one can look forward to the future of the State of Washington and the Pacific Northwest without the realization that financial strength and resources will be needed in taking care of the future requirements of this area. Many large new and important industries have already entered the Northwest, particularly the Spokane and Puget Sound areas, and with large and abundant power resources, and the promise of post-war trade with the Orient, the Pacific Northwest is assured of active business development. The new capital stock will be available to our shareholders on a very favorable basis."

U. S. Life Cos. Investments In Mtges. and Securities

The life insurance companies of the country invested $480,000.000 in mortgages and securities during January, of which 65% went into U. S. Government bonds, the Institute of Life Insurance re- ings of mortgages and securities ported on March 29. Total hold- by the life insurance companies, the Institute reported, showed a slight decrease during the month, due to their building up of cash reserves in preparation for the Fourth War Loan Drive purchases in February, the total on Jan. 31, being $32,120,000,000.